

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday July 12 1984

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Robert Bosch adopts  
a philosophic  
attitude, Page 20

Algeria	Sch 18	Indonesia	Rp 2500	Portugal	Esc 200
Argentina	Ps 100	Japan	Y 1100	S. Arabia	Ri 500
Australia	A\$ 1.50	Malaysia	Mal 500	Singapore	S\$ 1.00
Canada	C\$ 1.00	Philippines	Ph 100	Taiwan	Nt 100
Denmark	Dkr 7.25	South Korea	W 100	Thailand	Bt 50
France	F 100	Spain	Pes 100	USSR	Rub 100
Germany	DM 2.20	Sweden	Skr 2.00	Yugoslavia	Din 100
Greece	Dr 100	Switzerland	Sfr 2.00		
Hong Kong	Hk\$ 1.00	U.K.	£ 1.00		
India	Rs 15	U.S.A.	\$ 1.00		

## NEWS SUMMARY

### GENERAL

#### Thatcher condemns 'cynical' Soviets

Mrs Margaret Thatcher, the British Prime Minister, attacked the Soviet Union for political repression, attempting to divide the West, military aggression and a "cynical and negative" approach to the Third World.

She added, however, that it was essential for the West to keep open lines of communication with the Eastern bloc.

In a speech to the European Atlantic Group, Mrs Thatcher also blamed the Kremlin for the absence of arms reduction talks and warned that Britain was prepared to strengthen its defensive role beyond the Nato area.

### BUSINESS

#### Dow falls 18 points as fears continue

WALL STREET: The Dow Jones industrial average closed 18 points down at 1108.55 as nervousness over the outlook for the U.S. economy and interest rates continued to flow through Wall Street financial markets. Stock markets, Section III.

HONG KONG share prices fell steeply amid speculation over reasons for a sudden visit today by UK Foreign Office minister Richard Luce, coinciding with Sino-British talks over the colony's future. The Hang Seng index, after a Tuesday rally, fell 41.7 to a 1984 low of 783.61 in active trading. Market report, Page 38; Leading pages, Page 42.

#### Moscow visit

UN Secretary-General Sr Javier Perez de Cuellar arrived in Moscow for talks with Soviet leaders towards a settlement of the Afghan conflict.

#### Envoy in talks

Nigerian High Commissioner in London Major-General Haldun Hananya is to return to Lagos for consultations in the wake of the diplomatic row over the attempted kidnapping of exiled politician Alhaji Umaru Dikko.

#### Botha to stand

South Africa's ruling National Party elected Prime Minister P. W. Botha to stand as its candidate in the September 5 presidential election. Under the country's new constitution, the president will be both executive and titular head of state.

#### Passengers freed

Israel released two of the passengers held since its gunboats hijacked a Beirut-bound Cyprus ferry two weeks ago. Two other passengers are still being held without charges. Page 3.

#### Beer on trial

EEC Commission is to take West Germany to the European Court in a final bid to force it to drop a 18th-century law on the purity of beer, which it says is an obstacle to free trade. Page 2.

#### Director dismissed

Ulrich Schwab, director of Frankfurt's recently restored concert and conference centre, has been dismissed because he planned to put on a Rainer Werner Fassbinder play considered to be anti-Semitic.

#### Strike threat

Trade union representing 30,000 employees of the West German national airline Lufthansa threatened to launch disruptive airport strikes after the breakdown of wage talks.

#### Polish arrests

Security police in Warsaw detained a journalist and three others and seized documents, tapes and equipment in a raid on the office of Poland's best known underground publishing house.

#### Miners rescued

Fifty of the 121 miners trapped by fire in a Taiwan coal mine were rescued, but 32 died later. Earlier report, Page 31.

#### Rough justice

A 33-year-old Japanese man who spent nearly 27 years in the condemned cell was freed after a court found him not guilty of four murders committed in 1955.

## UK banks raise rates to 12% to curb slide in £

BY PHILIP STEPHENS IN LONDON

BRITAIN'S principal banks yesterday announced a sharp 2-point rise in their base lending rates to 12 per cent, halting the recent run on sterling on foreign exchanges.

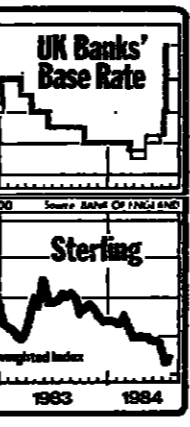
The move, led by Barclays and reluctantly endorsed by the Bank of England, is clearly a setback for the Conservative Government.

Officials, however, said last night that it had been impossible to resist the pressures generated by rising U.S. interest rates and industrial strife in Britain.

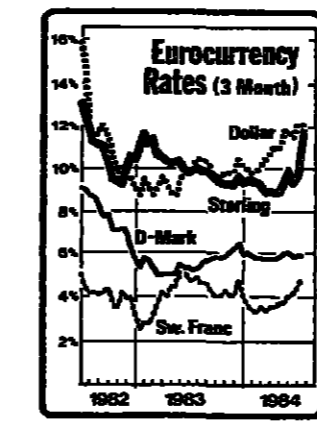
Rate rises were pushed up to 10 per cent from 9 1/2 per cent on Friday, but the pound continued to fall sharply against most other currencies, raising the prospect of an upsurge in inflationary pressures. The rates are now at their highest level for two years.

Last night the pound closed in London at \$1.3140, 0.45 cents up against a generally strong dollar, compared with a low of \$1.2975 in early trading.

Sterling also gained against most other major currencies. Its trade-weighted index against a basket of currencies rose to 77.8 from 77.2. The dollar finished at record levels against several European currencies. Its Bank of England trade-weighted index rose to 136.5 from 136.1. Against the D-Mark, the U.S. currency closed at DM 2.8405, up from DM 2.8235.



British government bond prices reversed the trend of the last few days, rising by as much as a point. The Bank of England's confidence that rates have now peaked is underlined by the announcement that it is issuing £600m (S788m) of existing Treasury stocks.



"This is not going to help the recovery, but it is not going to stop it," he said in a television interview, adding that he still expected industrial investment to rise by 10 per cent this year.

Mr Lawson indicated clearly the Government's belief that no further increases in interest rates are in prospect.

Despite the surge in the money supply in June, UK authorities are convinced that underlying monetary conditions remain well under control, and they feel that markets have over-reacted to one month's figures.

British financial analysts last

## Reagan urged to take tough line on steel

BY STEWART FLEMING IN WASHINGTON AND PAUL CHEESERIGHT IN BRUSSELS

THE U.S. International Trade Commission (ITC) has proposed a combination of higher tariffs and quotas on a wide variety of carbon steel products to protect the U.S. steel industry from the rapid increase in the share imports are taking in the domestic market.

The ITC's 3-2 vote to recommend that President Ronald Reagan take vigorous action has taken no account of the voluntary agreements negotiated by a wide variety of countries, including members of the EEC, to restrict their exports to the U.S. market.

European Commission officials have pointed out to the ITC that further restrictions would make a mockery of the 1982 carbon steel agreement. That holds down the level of EEC steel sales in the U.S. Last year EEC steel sales fell 27 per cent from their 1982 level, but the trade is still worth \$1.5bn - \$2bn a year.

Action by the Administration would lead to a rise in trade tensions, which recently have stilled, but which are always the subject of strain, especially in farm products. The EEC has never spelt out precisely what it would do in the face of further U.S. import restrictions, but when higher tariffs and quotas last year were placed on special steel imports, the EEC retaliated by doing the same thing on a range of U.S. products to cover the same value of trade.

The ITC decision is another victory for the U.S. steel industry in its campaign for protection from imports and a potentially damaging blow to hard-pressed Third World exporters of steel and to trade relations between the U.S. and its main industrial partners.

The decision, however, does not resolve the question of whether the steel industry should be granted protection and, if so, what sort. The final decision has to be taken by President Reagan, who has the authority to ignore or vary the ITC recommendation as he wishes.

The recommendation will go to the President formally on July 24 and he will then have 60 days to decide. This timing, as the steel industry has carefully calculated, might force Mr Reagan to act in the weeks immediately before the presidential election.

With the steel industry located in politically vital Midwestern states such as Pennsylvania, Indiana and Ohio, the President will be under heavy pressure to grant the industry some redress.

Before that announcement is made, however, he will be left in no doubt about the gravity with which the EEC in particular views the gathering pressures to protect so important an industry as steel from competition, especially since, under the restraint agreement which the U.S. and the EEC have negotiated, EEC exports to the U.S. have actually been falling.

The EEC must hope that Mr Reagan in a final ruling will exercise the discretion that the ITC feels it lacks under the law to take into account factors such as bilateral agreements affecting the flow of steel to the U.S.

In its announcement, the ITC said it favoured a combination of higher tariffs and quotas on foreign-produced carbon steel products for a period of five years. The U.S. imported some 54bn of those products in 1983.

The details of the ITC decision varied from product to product. On semi-finished steel, for example, the ITC recommended an extra duty of 15 per cent on imports exceeding 1.5m tons a year, with the duty declining to 10 per cent in the fourth and fifth years.

For carbon steel, sheet and strip, import quotas were recommended to limit imports to 11 per cent of total U.S. consumption during the first three years and 12.1 per cent in the fourth and fifth year. For galvanized steel quotas of 21.4 per cent of U.S. consumption in the first three years were recommended, for steel plate 21.2 per cent and for structural steel 26.9 per cent.

In each case, slight increases in the quotas were proposed for the fourth and fifth years.

In the first five months of 1984, steel imports have been accounting for almost a quarter of total U.S. shipments. That compares with around 21 per cent in 1982 and 1983.

Although imports from the EEC have not been rising sharply, imports from Japan have been increasing after declining by about a quarter between 1980 and 1982. The most striking development has been the sharp increase in imports from Third World nations, which increased between 1982 and 1983 and have been running at more than double their 1983 levels in the opening months of this year.

## Oil output concession for Nigeria

BY DOMINIC LAWSON IN VIENNA

NIGERIA will be allowed to produce extra oil in August and September, but otherwise members of the Organisation of Petroleum Exporting Countries (Opec) will be expected to stick to their existing production quotas.

Official Opec prices will remain unchanged, but the decision to allow more Nigerian output could inflame some downward pressure on North Sea prices.

Opec ministers, at the end of their two-day meeting in Vienna, said they had agreed to continue the pricing and production regime agreed in London in March 1983, with the exception that Nigeria will be allowed to produce 100,000 b/d over its 1.5m b/d quota in August and 150,000 b/d over in September.

Although there was no official explanation of how Nigeria will get its increase in a fairly stagnant market, it is clear that Saudi Arabia, as the Opec swing producer, will cut its own production to allow leeway to Nigeria.

IMF says Nigeria's economic proposals are insufficient: Agreement reached to counter oil supply shortfall, Page 22; North Yemen strikes oil, Page 3.

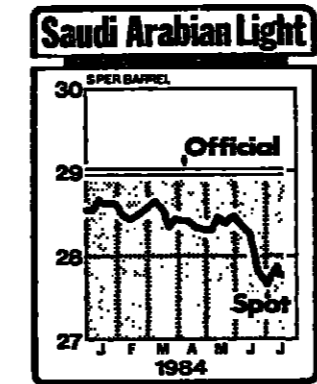
meeting, which represented a success for the Kingdom's strategy of holding firm to the London agreement in a weak oil market. He was "optimistic that the market will firm up now. Demand is picking up."

Sheikh Yamani said on Tuesday his country was producing 4.7m b/d of oil, a low enough figure to make room for Nigeria's additional oil. Traders, however, think the current Saudi figure is still about 5m b/d, down from 5.7m b/d in June.

Opec's main problem is to ensure that other members also reduce production to within quotas. Unofficially, Kuwait, the United Arab Emirates, Qatar, Algeria and Indonesia have all been cheating in recent weeks.

Ministers yesterday confirmed that top-level delegations would visit both Opec and non-Opec oil producers in the next few weeks to urge them to restrain production.

Dr Mana Saad Al Otaibi, the



UAE minister, will visit Opec governments and Sheikh Yamani will carry the message to Britain and Norway, whose rapid building-up in production has greatly irritated Opec ministers. Sheikh Yamani said he would also go to Moscow, "if they give me a visa."

Continued on Page 22

## Sun Alliance, Phoenix plan to merge into biggest UK insurer

BY ERIC SHORT IN LONDON

SUN ALLIANCE and London insurance, one of Britain's leading composite insurance groups, yesterday announced an agreed bid worth nearly £400m (£525m) for Phoenix Assurance, another UK insurer.

The combined group would have shareholder funds of about £1.8bn, making it the largest UK insurance group in terms of assets.

Sun Alliance is making a cash offer of 650p a share. Its subsidiary, Sun Insurance Office, has bought unconditionally from Continental Corporation, the U.S. insurance group, the latter's 24.3 per cent holding in Phoenix for £36.5m. The offer values Phoenix at £396.6m.

The takeover takes place as at least one major overseas insurance group is looking at UK insurance companies with the objective of getting a major foothold in the London market.

Allianz Versicherung, West Germany's largest insurance company, is known to be actively interested in this area, despite failing to acquire Eagle Star Holdings last year in a

UK Composite Insurance Groups	General insurance premium income (£bn)	
	1983	1984
Sun Alliance/Phoenix	1.84	1.39
Royal	1.42	1.91
CU	1.40	1.88
GA	1.25	1.39
Eagle Star*	1.10	0.57
GRE	1.07	0.97

Continental had been "looking at its business strategy both in the U.S. and around the world." It was seeking management involvement rather than investment interests in associated companies.

Sun Alliance had made a tentative approach to Phoenix a year or two ago, according to Mr Geoffrey Bowler, its chief general manager.

That was the time when several overseas insurance groups were starting to show an interest in the UK. Allianz looked at Sun Alliance and liked what it saw, except for Sun's involvement in the Chubb insurance pool in the U.S.

Mr Bowler said that Phoenix approached Sun Alliance about four weeks ago stating that there were now real prospects of a relationship between the two groups.

Sun Alliance has a strong position in property insurance in the UK, whereas Phoenix has a larger stake in motor and aviation business.

Allianz forecasts bigger payout, Page 24.

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# EUROPEAN NEWS

## Elf's ex-chief calls for smaller state sector

BY DAVID MARSH IN PARIS

**M ALBIN CHALANDON**, former chairman of France's state-controlled oil group Elf Aquitaine, has warned that the country's growing denationalisation debate by calling for state companies to be returned progressively to the private sector.

An ex-Gaullist minister forced to resign from Elf last summer after a furious row with the industry Ministry, M Chalandon said privatisation of French companies nationalised in 1982 was vital above all to allow them to compete effectively world-wide.

In two articles in *Le Monde* yesterday and on Tuesday, he heaped scorn on the "commissaire strip ideology" which sparked off the Socialist Government's nationalisation programme.

State ownership could fulfil functions in industries with long cycles such as the nuclear and space based operation and policy services such as electricity production; or in chronically loss-making sectors such as steel or coal.

But in companies exposed to international competition, pub-

### FRANCE CONDEMNS AUSTRALIAN URANIUM BAN

**M CHARLES HERNU**, the French Defence Minister, has warned that a prospective Australian ban on uranium shipments to France, decided by this week's ruling Labor Party conference in Canberra, would constitute "interference" in France's internal affairs, writes David Marsh in Paris.

His scathing comments in a radio interview contrast with the generally low-key reaction in the nuclear energy industry to the prospect of a ban, sparked off by France's continued testing of nuclear weapons in the South Pacific.

France's nuclear explosions at its test site at Mururoa have been a long-standing bone of contention with the Australian and New Zealand Governments. Mr Bob Hawke, the Australian Prime Minister, warned France last year that contracted uranium sales for France's ambitious nuclear power programme could be stopped, depending on the outcome of this week's party vote.

M HERNU claimed that a recent report from an international scientific mission had shown that France's atomic tests posed no health risks to South Pacific populations, and suggested that Australian leaders should first "study the report."

action to state companies and later transfer "progressively" to the private sector the capital of "a certain number" of France's publicly-owned enterprises.

• A further improvement in French corporate finances during the rest of 1984 is predicted in the latest set of forecasts from the government statistics institute, Insee. It says that operating profits as a proportion of companies' total business will reach their highest level for 10 years at the end of 1984, aided by a 3 per cent increase in industrial productivity between 1983 and 1984.

But although inflation is seen falling to 6.5 per cent for 1984 against last year's 9.3 per cent, unemployment, presently around 7.5m, is forecast to rise to 9.5m by the end of this year.

Industrial problems look likely to be concentrated particularly in the car industry, where the latest statistics, from the Car Manufacturers Association, show a 1.2 per cent fall in France's first-half new registrations compared with the same period of 1983.

devaluation, necessary to offset Portugal's inflation differential with its trading partners, has contributed to widening the gap by increasing import prices, the OECD notes.

The Secretary points to the limits to further restrictive fiscal policy because of Portugal's status as the least developed (apart from Turkey) OECD country and the limited social insurance system, in spite of the expansion during the 1970s. Strengthened moves against tax evasion are "vital".

On foreign borrowing, the OECD records that foreign debt, which almost doubled between the end of 1978 and the end of 1982 from \$7.2bn to \$13.7bn, reached a peak in the second quarter of 1983 at \$14.6bn then declined slightly to \$14.3bn last December.

Owing to growing difficulty in financing the external deficit, the country is turning abroad declining during the year, the Bank of Portugal borrowed \$1bn through gold-backed loans from the Bank for International Settlements last year.

The first two, of \$700m, were repaid in July and August out of gold sales and the third, of \$300m, was extended at the end of last year. In addition, the central bank obtained an IMF standby credit for October 1983 of \$1.25bn, and compensatory financing of SDR258m.

On the other hand, doubts persist on the inflation outlook, with subsidies not yet entirely removed from products and services and a wage "catch-up" possible in 1985. The escudo



Sr Mario Soares, stabilization programme

Pointing to the uncertainties on the policy front, the Secretary said the deflationary process started in 1983 could "gather more momentum than expected" because of the likely fall in real disposable income this year of about 4.5 per cent. This would produce a greater than expected fall in employment and output.

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## Hardliners force delay in Polish amnesty

By Christopher Bobinski in Warsaw

**HARDLINERS** arguing against the release of some of Poland's most prominent political prisoners have forced General Wojciech Jaruzelski, the country's military leader, to postpone a decision.

As a result the trial of the four members of the KOR dissident group will start tomorrow without a clear political strategy at the top on what to do about them, or the seven Solidarity leaders still awaiting trial or the 600 other political prisoners.

Time is pressing as Poland's national day on July 22 provides the best opportunity for months to free the prisoners and thus ease the political atmosphere, improve relations with the Catholic Church and encourage the resumption of normal political and economic relations with the West.

The meeting was only able to agree on provisions to free criminal offenders under the July 22 amnesty and for an amnesty to be declared for the Solidarity underground, its members give themselves up and promise to stop their activities.

The hardliners cite the view of the Soviet, East German and Czech Communist parties to support their case over the KOR trial. The three parties have expressed surprise that the Poles are considering freeing the KOR dissidents while continuing with a case against Mr Piotr Jaruzelski, Prime Minister in the 1970s and his deputy Mr Tadeusz Wrzaszczyk. They are accused of mismanaging the economy.

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## Woerner aims to pave way for U.S. deal on Nato spending

BY RUPERT CORNWELL IN BONN

**HERR** Manfred Woerner, the West German Defence Minister, is hoping that his current visit to the U.S. will pave the way for a compromise between Bonn and Washington on the murky issue of how much to spend on improving the infrastructure of Nato.

Before he left last night, Herr Woerner said he expected to come under critical fire for Europe's unwillingness to pay more for its own defence—a dispute reflected in the differing estimates over how much the Alliance should plough into infrastructure improvements between 1985 and 1990.

Theoretically, the agreement must embrace all member countries participating in Nato's integrated military structure. However, all hinges on an understanding between the U.S. and West Germany, which between them share almost equally 53 per cent of the total cost.

Thus far there has been little visible sign of progress. Bonn is now believed to be ready to lift its ceiling to \$7bn or so, but it remains to be seen whether this will mollify the Americans.

Herr Woerner yesterday described the issue as "most difficult," but was optimistic that progress could be made towards a deal acceptable to the Alliance as a whole.

One encouraging sign is the agreement, which he and Mr Caspar Weinberger, his U.S. opposite number, will sign today, for Bonn to spend DM7bn (£1.9bn) on new U.S. "Patriot" and European "Roland" anti-air missiles. Herr Woerner called this the strongest vindication so far of the so-called "two way street" principle between the U.S. and Europe for defence procurement.

On the other hand, the West German Minister is braced for American criticism over the general level of Bonn's defence spending.

The 1985 budget, unveiled here last week, provides for a nominal increase of only 3.7 per cent in military outlays against a 5.7 per cent rise in the real 3 per cent yearly growth at which Nato members have pledged to aim.

But Herr Woerner will retort that although the rise is under the 5 per cent ceiling, it is specifically tailored to foster the improvement in conventional military strength which Bonn—and other Nato countries—now accepts as essential.

Environmental questions are expected to figure as much as political issues in the talks between the two Foreign Ministers. The population in north-eastern Bavaria is plagued by a noxious odour from industrial plants over the border in Czechoslovakia.

Czechoslovakia maintains that it receives a far greater fallout of radioactive particles than the tail smoke stacks of West German factories hundreds of kilometres to the west.

The West Germans are also likely to ask about relations between the two Foreign Ministers. Church and state in Czechoslovakia which are among the most strained in Eastern Europe. The Vatican wants to appoint bishops for 10 of the 13 dioceses in Czechoslovakia which do not have an incumbent. The Government insists on politically acceptable candidates.

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## Decline in steel output forecast

**PARIS** — The situation of most steel industries in the non-Communist industrialised nations, says the Organisation for Economic Co-operation and Development, is likely to decline over the remainder of this year, after a 1.3 per cent rise in the first five months.

The OECD's steel committee which met in Paris recently found that while there had been a clear improvement in recent months, production levels are still well below those of 1979.

Profits are "small or non-existent" and employment is continuing to decline.

The committee said it is "unlikely" that the current level of OECD steel production (96.4m tons in the third quarter compared with 93.5m in the first, and 96m in the second quarter of 1983) can be maintained.

Apart from a seasonal decline in the market, the third quarter, the recent rise in interest rates discourages any further increase in inventories and activity in the capital goods sectors.

Activity in the construction industries, with the notable exceptions of housing in the U.S. and non-residential construction in Japan—could become even more depressed, it said.

The biggest increases in production this year, said the committee, have occurred in the U.S. and Canada. There has been a "marked decline" in new order, however, in both these countries in recent weeks. Furthermore, steel producers have been able to expand their share of the U.S. market to more than 25 per cent.

In the first five months steel production increased substantially in all OECD countries except Portugal, Spain and Yugoslavia. This was entirely attributable to a recovery in OECD steel demand which was due to increased production of consumer durables.

**Strike called over Spanish shipyard cuts**

By David White in Madrid

A TRIAL of strength over Government-backed plans for drastic cuts in Spanish shipyards takes place today with a strike call in all the country's shipbuilding centres.

The strike, organised principally by the Communist-controlled Workers' Commissions, which claim to represent 45 per cent of the 40,000 workers in the sector, is expected to be especially tough in the north-west Galicia region. Plans for a general one-day protest there include interruption of all road, rail and air connections.

The local INTG union federation is backing the strike movement in Galicia, where more than 10,000 shipyard jobs are located, and the towns of El Ferrol and Vigo are expected to be virtually paralysed. General strikes are also planned at Gijon in northern Spain, despite opposition from local Socialists, and at Puerto Real near Cadiz in the south.

The strike is in protest against restructuring measures approved last month which are expected to affect up to half the industry jobs. The measures were based on agreement between the large state-owned shipyards, the smaller, mostly private, shipyards, the socialist UGT union and the Basque Euzko-AsKIV union.

Without specifying the number of jobs to be cut, the reorganisation provides for state financial aid on the basis of individual streamlining schemes provided by the shipyards.

The state sector, which has five large civilian shipyards, has drawn up plans implying a loss of about 8,300 jobs out of a total of more than 22,000. This compares with an initial projection involving 10,500 redundancies.

## OECD REPORT ON PORTUGAL Radical structural changes urged on Lisbon

BY OUR PARIS STAFF

THE Organisation for Economic Co-operation and Development has called on the Portuguese Government to take "radical structural action" to improve the functioning of the economy and back up the deflation programme brought in last summer.

The stabilisation policy, introduced following the election of Sr Mario Soares's government in April 1983 and the basis of an agreement with the International Monetary Fund, is inevitably depressing the economy.

However, it would seem essential to maintain the restrictive fiscal and monetary stance in order to restore external equilibrium, reduce inflation and improve the position of public finance," the OECD says in its annual report on Portugal published today.

In the report, which notes that Portugal had to make substantial gold sales last summer to repay emergency credits from the Bank for International Settlements, the OECD heavily undermines the danger of relaxing policy too soon, as was done in 1979 after the restrictive measures of 1977-78.

It urges the Government, nevertheless, to supplement the austerity programme with structural moves to allow free price competition, increase flexibility of the labour market, strengthen the tax collection

base and reduce the country's dependence on imports in key areas like agriculture.

The Secretary forecasts that a cut in Portugal's current account deficit this year, to \$1.5bn from \$1.7bn in 1983, will be achieved only at the cost of a 1.9 per cent drop in gross national product, accompanied by steep cuts in investment, industrial production and purchasing power, and a further increase in unemployment.

Partly because of the dismantling of subsidies to curb the budget deficit, and reflecting the monthly "crawling peg" devaluation of the escudo, inflation this year is "unlikely" to ease, despite slowdown in the course of the year.

The OECD predicts that the average inflation rate measured by the private consumption deflator will rise to 27 per cent in 1984 from 23.5 per cent last year, even though the annual rate of price increases is expected to drop to 20 per cent in the second half of 1984 from 40 per cent in the same period last year.

To back up anti-inflationary efforts, the active competition policy introduced this year "will be of great importance." The OECD labels as "essential" continued decontrol of prices and incomes and reduction of labour market rigidities, but warns that "the task will not be an easy one."

Justifying the exemption, the Court gave a fairly wide interpretation to "public security." This may be used on future occasions by any publicly owned enterprises in the EEC as long as they supply essential materials or equipment whose importance is greater than a purely economic one.

The Court took into account the existing Community scheme for ensuring supplies of crude oil and petroleum products, but concluded that these supplies were of such importance to a modern economy that measures safeguarding a minimum supply at all times were essential to public security. It stressed that the quantity of petroleum products covered by purchasing obligations, such as those in force in Ireland, must not exceed the minimum necessary for its essential public services and for the population's survival.

A Government might demand obligatory purchasing at higher prices if the production of the state-owned refinery could not be sold to privately competitive prices on the market. Quantities should not be greater than necessary to maintain the level of production indispensable for keeping the production capacity available for an emergency. The state-owned refinery should be enabled in this way to continue refining the crude oil bought by the Government under long-term contracts.

Our Dublin correspondent adds: Oil companies warned yesterday that the ruling, if upheld by the Irish High Court, meant that pump prices would remain up to 4p a gallon higher than necessary, because of the requirement to buy from the Whitegate refinery.

The semi-state Irish National Petroleum Corporation, which operates the refinery, has admitted that Whitegate does add to pump prices, but maintains that the correct figure is 2p and not 4p per gallon.

When three Soviet economists were asked last week whether the recent Comecon summit's encouragement to "direct ties" between enterprises in different Comecon countries meant that Soviet ones might be allowed to bypass Gosplan and deal with foreign socialist counterparts directly, they replied with a chorus of "nyet."

These changes are needed to help sustain the recently improved performance of the economy. Thanks in part to the Andropov discipline campaign, industrial output rose by 4 per cent last year, agricultural production by 5 per cent and labour productivity by 3.9 per cent.

Figures published last week showed that hard currency exports to the West rose 10 per cent while imports declined by 10 per cent in the first quarter of this year, putting the Soviet Union in unusual surplus with the West for this period of its trading year.

There is, however, renewed concern about oil output, which accounts for more than half Soviet hard currency earnings, and perennial anxiety over agriculture.

Oil production dipped in the last quarter of 1983 and the first quarter of this year, though April and May saw an upturn in the rate of extraction. Western experts estimate that this year's grain harvest will be around 190m tonnes, about the same as last year's, because of drought in the Volga basin and North Caucasus has eased. Thus, the Soviet Union is likely to be able to keep its grain imports to within 35m tonnes.

However, concern about the harvest is not yet at rest. Mr Michael Gorbachev, who has special responsibility for agriculture, has been touring farm areas urging greater effort, and the Soviet Union is already on the world market buying grain and cotton.

In the longer run the Soviet Union is looking for more help from its smaller, and in most cases more prosperous, partners in Comecon. Last month's Comecon summit in Moscow set several broad goals, such as better Soviet bloc co-operation in electronics and high technology and a better return for Soviet energy and raw materials in terms of higher grade East European manufac-

Medical science, she said gave many examples of the "poisonous effects on health of an exaggerated and uncontrolled consumption of fats, sweets and starch."

The programme's origins go back to 1958 when President Nicolae Ceausescu criticised his countrymen for their obesity and claimed that 30 per cent of illness in the country stemmed from overeating. Four years later after a further deterioration in food supplies, a "scientific" diet was promulgated to slim allegedly overweight Romanians.

Western analysts believe the country is exporting large quantities of food to both Eastern and Western markets, which are not reflected in statistics. They say, in fact, for the Soviet oil and to service hard-currency debts estimated at \$8bn-\$9bn.

The Communist party leaders of the Comecon countries bothered themselves little with detail, such as a new rouble price formula for Soviet oil. The long process of thrashing out new barter arrangements has begun—the are the bedrock of the Comecon trading system—with for instance the recent dispatch to Bulgaria, Moscow's chief trading partner, of a high-level Soviet delegation.

But the real fruits of the Comecon summit are likely to emerge over the next 15 months, as the Soviet bloc countries launch themselves in 1985 into their next five-year plan.

David Buchan reports from Moscow in the second of two articles

Georgia, Belorussia, even the relatively well run Republic of Latvia.

The other element of Andropov's—the introduction of limited managerial autonomy in selected sectors—is also moving ahead. So far, managers in two nationwide ministries—electrical machinery and heavy transport machinery—building—and in the food and light industries in three republics (Ukraine, Lithuania, Belorussia), have been given a bigger say in local allocation of funds and disposal of profits.

According to Mr Lev Voronin, deputy chairman of Gosplan, the state planning organisation, this "experiment" will be extended from the start of next year to other all-union ministries—machine tools, agricultural machinery, energy equipment, chemicals, automation and measuring instruments—and to other sectors in the republics of Latvia, Armenia and the

Andropov is dead but Andropovism is alive and well

Some Soviet officials may occasionally complain discreetly to Western diplomats that the passing of Mr Yuri Andropov removed a leader of higher calibre and tougher mettle than the present incumbent of the Kremlin. But President Konstantin Chernenko is in fact pursuing Andropovism on the home scene in substance though perhaps not in style. He puts slightly less public stress on the need for discipline and slightly more on the quest to meet consumer wishes.

There is a general belief among Soviet citizens that there should not be, and probably will not be, a return to the laxity of the past years under Mr Leonid Brezhnev. Mr Andropov's predecessor, in Urubkhistan, a clean-out of top officials, including the Republic's second party secretary, Minister of Interior, KGB and police chiefs, is still taking place, though most of the initial batchwork probably took place under Mr Andropov. This follows similar purges for corruption or malfeasance in

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How Cur...  
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Extreme...

OVERSEAS NEWS

France backs UN talks on Mideast

BY RAMI G. KHOURI IN AMMAN

FRANCE and Jordan have agreed that a UN-sponsored conference is the most logical means of breaking the current deadlock in Arab-Israeli peace-making efforts.

Egypt said yesterday that France has agreed to allow it to sell French arms to be assembled in Egypt, including the sophisticated Mirage 2000 combat aircraft, to third countries in Africa and the Arab world, writes Charles Richards from Cairo.

talks with Egyptian President Hosni Mubarak, which centres on ways of settling the Arab-Israeli conflict, ending the Iran-Iraq war and the Lebanese situation.

proposals. "Total Israeli withdrawal for total peace should be the concept of any solution to the Middle East problem," the king said.

Israel frees 2 more from hijacked ferry

By David Lennon in Tel Aviv

ISRAEL has released two more of the passengers held since its gunboats hijacked a Beirut-bound Cyprus ferry two weeks ago. Two passengers are still detained.

Ivory Coast press for more funds next week

BY PETER BLACKBURN IN ABIDJAN

THE IVORY COAST will continue efforts to obtain fresh money together with a rescheduling of its medium-term public external debt in crucial talks with commercial creditors due to take place in Paris next week.

has encountered strong resistance, especially from the smaller U.S. mid-Western banks. This meant that the government was unable to reach agreement with the banks in June as planned.

Malaysia current account deficit holds steady

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S balance-of-payments deficit on the current account is expected to be Ringgit 5.8bn (£1.7bn) for this year, or the same level as that of last year.

The anticipated balance-of-payments deficit for this year would bring Malaysia's deficit to a record of more than Ringgit 24bn since the balance plunged sharply in deficit in 1981, compared with a surplus of Ringgit 2.1bn in 1979.

Labor Party endorses alliance with U.S.

Australia's Prime Minister Mr Bob Hawke successfully defeated attempts yesterday by the left-wing of his Labour Party to end the Anzus Treaty with New Zealand and the U.S., close three American bases in Australia, and ban visits by nuclear-powered U.S. warships, AP reports from Canberra.

Indian opposition joins forces against Gandhi

BY OUR FOREIGN STAFF

INDIA'S main opposition parties yesterday launched a national campaign against Prime Minister Indira Gandhi over the dismissal last week of Kashmir chief minister Dr Farooq Abdullah.

Gandhi's estranged daughter-in-law, Maneka. Dr Abdullah also took part in the talks. He was dismissed last week after Congress (I) state parliamentarians gave their support to 12 defectors of his National Conference party, leaving him in a minority.

Oil found in North Yemen

By Maurice Samuelson in London

A U.S. oil company yesterday said it had made the first oil discovery in North Yemen, one of the Middle East's poorest countries.

SAVOY TAYLORS GUILD SALE AT THE STRAND, CHEAPSIDE AND BOND STREET.

SAVOY TAYLORS GUILD SALE AT THE STRAND, CHEAPSIDE AND BOND STREET. SUITS: 2-piece wool and lightweight suits. HALF SLEEVE SHIRTS: Pierre Cardin jersey knit designs. TIES: Pierre Cardin £14.95. SHOES: Pierre Cardin shoes and boots. JACKET: 100% wool jacket £225.245. SHIRTS: Pierre Cardin £25.90 to £40.00.

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## AMERICAN NEWS

## Argentina releases list of new generals

By Martin Andersen in Buenos Aires

THE ARGENTINE Defence Ministry has announced a list of generals to replace those who were fired or resigned in last week's military shake-up.

The list was released Tuesday night after a drawn-out meeting between Defence Minister Raul Borras and top army officers, including Brigadier General Ricardo Pianta, who last week was named Army Chief of Staff, the military's fourth highest post, replacing General Jorge Arguindegui.

The army's command was issued shortly after the Government ordered all military personnel, both active duty and retired, to co-operate fully with a presidentially-appointed commission probing the disappearances of some 10,000-20,000 people who went missing in a military-led 1970s "dirty war" against leftist guerrillas and other dissidents.

The decree allows the servicemen to give testimony without the prior consent of their superiors and also establishes a mechanism for safeguarding military secrets.

The order was given in response to growing dissatisfaction in official circles, and among human rights activists over what many here see as military obstruction of the commission's work.

It is also, political sources said, an indirect warning to the Armed Forces Supreme Council, the military's highest court, to speed up work on some 400 cases concerning human rights violations now before that body.

The army appointments were announced amid speculation about the ultimate effect of last week's reshuffle. Some military observers here say General Arguindegui's weakness as a disciplinarian and public figure were insufficient cause for his thinly-veiled removal.

These analysts say his replacement, General Pianta, is a much weaker figure, less likely to effectively juggle mushrooming disenchantment in the barracks.

Other observers however say that in the absence of a longer range plan for the restructuring of the armed forces, the Alfonsín Government is content to keep the military top echelons in a weakened condition.

## Guatemala political mould still retains its shape

"THE (Guatemalan) army hasn't become democratic out of conviction, or because the holy ghost passed overhead. It has taken a strategic decision to opt for the democratic process and that decision is therefore reversible."

This was the sanguine view offered last week by Sr Vinicio Cerezo, otherwise jubilant at the victory of his Christian Democratic Party, which came out ahead in the July 1 constituent assembly elections designed to pave the way for a return to full democracy in Guatemala next year.

The elections revealed a sea-change in Guatemala's blood-premature of a redistribution of power held by the armed forces and its far right and business allies since the reformist government of Sr Jacobo Arbenz was ousted in a CIA-organised coup 30 years ago.

The parties of the centre, led by the Christian Democrats, polled more than a third of the votes, while the National Union of the Centre (UCN), a one-year-old, self-proclaimed centrist party launched by newspaper publisher Sr Jorge Carpio, pushed the neo-Fascist National Liberation Movement (MLN), into a poor third place.

The mould of Guatemalan politics, shaped by continuing military-inspired violence that has almost wiped out the democratic opposition at all levels and by decades of rigged elections, is far from broken. The democratic left—as well as the mangled, but still vigorous, guerrilla left—was unable or unwilling to take part. Blank and spoiled ballots accounted for the largest bloc of votes.

Nevertheless, the elections have thrown into relief a shift in strategy by the military and their supporters. The army's 23 regional commanders decided in January and February that it would be better to withdraw from the forefront of politics. This was both to restore their own cohesion—seriously damaged by faction fighting for power and privilege—and more important, because they realised that a return to democratic forms would unlock the vaults of U.S. aid, suspended in 1977 after the regime refused to improve its human rights record.

At the same time sectors of the landowners and business community, traditionally backing the military, have tilted towards reform. They have

David Gardner in Guatemala City studies the result of the country's elections

become recently of the increasingly powerful role of the military in running the economy. Also they have found themselves financially squeezed, thrown back onto a tiny domestic urban market by the spread of war in Central America and the dislocations caused by the army's counter-insurgency campaign to the rural economy.

Last year, U.S. economic aid to Guatemala, excluding \$54.6m in commodity credit guarantees, totalled \$27.5m. This is due to rise to \$33.6m this year, and \$86.4m next, when \$10.3m in so-called "non-lethal" military aid is also scheduled (Washington has already allowed through a \$2m cash-for-spares deal).

The army is proud that it has contained a threatening left-wing insurgency without U.S. aid, relying instead largely on Israel, and on South Africa, Venezuela, Argentina, Taiwan, and the expensive open market. With Israeli help they have built a munitions plant producing bullets for M-16 and Galil assault rifles. But its costs are high and efficiency low because ex-President General Romeo Lucas Garcia sited it in his home town of Coban, an area of high humidity.

One Western military observer described the 30,000 man army as the best "tooth-and-tail" outfit in Latin America with about half its strength in the field at any one time. (The U.S. average in Vietnam was 12 to 14 per cent of combat strength). However, the army is past the "red line" mark in the upkeep of nearly all its ageing equipment. Thus, despite the military's claims of outright victory against the insurgency, U.S. aid would certainly be welcomed.

The army's total war against the guerrillas has forced them out of many of their strongholds and on to the defensive, but this has placed enormous strains on the country's social fabric and the economy. Over 20,000 people, mostly peasants from the country's Mayan Indian majority, are thought to have

been killed in the past four years. Killings have dropped from their peak during the 1982-83 "pacification" campaign, but are still running at 12 a month, with "disappearances" rising to 42 a month, according to the cautious figures used by the U.S. embassy.

Guatemala's extravagantly beautiful countryside has been militarised, transformed into an archipelago of large estates, garrisons, and "strategic hamlets," 40 of which have been built or are under construction. The counter-insurgency campaign has disrupted the peasant economy and culture, displaced hundreds of thousands, and established a rule of fear through the 300,000-strong civil defence patrols, recruited by forced conscription.

The army has allocated itself \$145m of this year's \$1.3bn budget, contributing heavily to a deficit expected to top \$500m. The rising deficit prompted the IMF to suspend the second half of a \$120m standby credit this month, exacerbating a growing foreign exchange shortage. Despite an apparently manageable foreign debt of around \$2bn, Guatemala has secured only one commercial credit, for \$75m, in the last three years. The dispute with the IMF centres on the military government's unwillingness to introduce fully an agreed tax reform package, built around the introduction of VAT.

The army has also in recent years developed its own economic muscle. It has a bank and an insurance company. Control extends over some 40 public companies, one of which, the national carrier Aviateca, is widely believed to have been used as a "cash-cow" for military purposes; the management of major public works projects like the Chixoy Hydroelectric Plant, which has overshot its original \$360m budget by some \$500m; interests in land and industry, often through third parties, and in two private TV channels, 11 and 13, as well as a contract with the state-owned Channel 5.

Under pressure from the private sector, the military backed off from more ambitious projects. They were for example, intending to set up a cement concern with South African capital, which would have challenged the monopoly position of Cemento Progreso, owned by the leading Novella



Vinicio Cerezo, leader of the Christian Democrats, casts his vote in the Constituent Assembly elections in Guatemala

family, according to local business sources. The private sector has reacted with hostility to the army's transformation from guardian of its interests into potential competitor, and has totally opposed increased taxes.

Sr Cerezo explained that while ten years ago the Chamber of Agriculture refused to receive a Christian Democrat delegation, last month, the chamber's officials were seeking him out. "Contracting markets demand some form of land reform," to expand the national consumer base, he said.

But the main shift in business support, traditionally four-square behind the MLN, the self-styled "Party of Organised Violence," has been to the National Union of the Centre—"a shift from the murderous to the civilised right," as one Social Democrat leader describes it.

Sr Carpio, the UCN's flamboyant leader, is safely Reaganite in his supply side economics and his view that Washington's Central America policy has saved Guatemala from becoming another Nicaragua.

As General Guillermo Echeverria, a leading figure in the army until ousted last year after calling for a return to democracy, encapsulates it: "The traditional right has to resign itself to losing a portion of power in order to survive and avoid taking Guatemala towards catastrophe."

## Mondale keeps them guessing on choice of running-mate

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. was kept guessing yesterday by Mr Walter Mondale, the prospective Democratic challenger in November's U.S. presidential election.

He continued to keep the country speculating about his choice of vice-presidential running mate—the main item of political interest in the run-up to next week's Democratic convention in San Francisco.

The spotlight settled on Mrs Geraldine Ferraro, the New York congresswoman, who is favourite of numerous party and women's leaders.

Mr John Reilly, Mr Mondale's chief adviser on the choice of running mate, visited Mrs Ferraro in San Francisco. Some party leaders, and Mr Mondale's own advisers, are growing impatient with his public cat-and-mouse game over the vice presidency. They have urged him to take the unusual step of announcing his running-mate this week, before the convention opens on Monday.

On Tuesday, Mr Mondale said that it was possible, though not certain, that he would do so.

Mr Mondale maintained that the convention would be one of the most unified in recent Democratic party history. However, there were fresh rumblings of discontent from the Rev Jesse Jackson, the black presidential

contender, who appears to feel slighted over by Mr Mondale's treatment.

Mr Jackson attacked Mr Mondale for failing to consider him for the vice presidential candidacy, in spite of his impressive performance in this year's democratic primaries and caucuses. Mr Jackson suggested this was because Mr Mondale had never seriously entertained the idea of a black running-mate and because of pressure from Mr Mondale's Jewish political allies.

Tension between Mr Jackson and Jewish leaders continued at a high pitch as the American Jewish Congress called on party leaders to "act promptly to finally repudiate" Mr Jackson, who has been accused an anti-Jewish attitudes.

Sen Dale Bumpers, of Arkansas, who has discussed the Vice-Presidency with Mr Mondale yesterday announced that he was definitely withdrawing his name from consideration. Others known to have withdrawn are Governor Mario Cuomo, of New York, once believed to be Mr Mondale's favourite, Sen Sam Nunn, of Georgia, and Governor Bob Graham, of Florida.

Aides to Mr Gary Hart said the Colorado senator had pretty well decided on his own choice for running-mate.

## Proposals for tougher U.S. bank rules on capital

BY PAUL TAYLOR IN NEW YORK

U.S. BANK regulators have proposed a set of unified and tougher rules covering U.S. bank minimum capital requirements. The rules would replace existing guidelines with specific requirements for the first time.

The new rules which, if implemented, would immediately affect about 700 out of the nation's 15,000 commercial banks, would require them to maintain a minimum ratio of primary capital to assets of 5.5 per cent. As such, some U.S. banks could be forced to raise millions of dollars in new capital or shrink their assets.

Federal Deposit Insurance Corporation (FDIC) and being considered by the U.S. Comptroller of the Currency and the Federal Reserve Board, appear to be in response to congressional concern about the stability of some U.S. banks with large outstanding loans to less developed nations.

Until now U.S. banks have not been subject to mandatory minimum capital requirements although in separate actions the Comptroller's office and the Fed have established guidelines suggesting a 5.5 per cent ratio for community banks and 5 per cent for regional banks.

## Mexico may drive hard bargain at debt talks

By Peter Montagnon, Euromarkets Correspondent

MEXICO is expected to drive a hard bargain with its commercial bank creditors when it opens formal talks on Monday on a new deal to reschedule much of its public sector debt that falls due during the rest of this decade.

The talks in New York start with Mexico in a strong negotiating position. Already it has been promised a favourable deal by top international bankers as part of their policy of rewarding Latin American countries that perform well in the task of turning round their balance of payments.

The final shape of the Mexican deal may not be agreed until early autumn, but it is clear that it will cover debt falling due for several years ahead and will carry a longer maturity and lower interest margin than any rescheduling arrangement since the debt crisis started.

Mexican officials have already said they want banks to end their practice of charging an interest margin over the U.S. prime rate which is normally higher than the alternative eurodollar deposit rate. Prime-based deals allow banks to reap excessive profits from debtor countries, Mexico believes.

Some bankers fear Mexico will also exploit its strong bargaining position to seek a rescheduling of all public sector debt falling due till the end of 1990 and possibly even later. It is also likely to aim for a final maturity on the new deal well into the second half of the 1990s.

Such a deal would commit bankers to rescheduling debt that matures after President Miguel de la Madrid's term of office expires at the end of 1988. By confining the arrangement to debt falling due within this period Mexico would still be able to eliminate the repayment hump it faces in 1987 and 1988, bankers argue.

The negotiations will be followed closely by other Latin American debtors, notably Brazil which has been promised a favourable deal if it continues to perform well under its International Monetary Fund economic programme.

### Grindlays Bank p.l.c. Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 10% to 12% with effect from July 12th 1984

The interest rates paid on call deposits will be: call deposits of £1,000 and over 8½% (call deposits of £300-£999 7½%)

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### Base Rate Change

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Bank of Baroda announces that, for balances in their books on and after 12th July, 1984 and until further notice their Base Rate for lending is 12% per annum. The deposit rate on all monies subject to seven days' notice of withdrawal is 8½% per annum.



Clydesdale Bank PLC

## BASE RATE

Clydesdale Bank PLC announces that with effect from 12th July 1984, its Base Rate for Lending is being increased from 10% to 12% per annum

### Yorkshire Bank Base Rate

With effect from 12th July 1984 Base Rate will be changed from 10% to 12% p.a.



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### Base Rate

With effect from the close of business on 12th July, 1984 and until further notice TSB Base Rate will be 12% P.A.

Trustee Savings Banks Central Board PO Box 33, 25 Milk Street, London EC2V 8LU

## Williams & Glyn's

### Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 12th July 1984 its Base Rate for advances is increased from 10% to 12% per annum.

Interest on deposits at 7 days' notice is increased from 6¾% to 8¾% per annum.



Williams & Glyn's Bank plc

### Bank of Ireland

announces that with effect from close of business on the 12th July, 1984 its Base Rate for Lending is increased from 10% to 12% per annum



Bank of Ireland



## The Royal Bank of Scotland

### Base Rate

The Royal Bank of Scotland plc announces that with effect from close of business on 12 July 1984 its Base Rate for lending is being increased from 10 per cent per annum to 12 per cent per annum.

# WORLD TRADE NEWS

## Airbus may impose more sharp cuts in output next year

BY DAVID MARSH IN PARIS

AIRBUS INDUSTRIE, the European airliner consortium, looks likely to make further sharp cuts next year in output at its Toulouse assembly plant in view of a growing number of unsold wide-body aircraft and the only modest recovery in international airline demand.

A production cut to as few as 30 aircraft next year compared with an anticipated 45 in 1984 looks likely, above all to limit financial risks faced by the three major Airbus shareholders in France, West Germany and Britain.

The likely cut in output is in bleak contrast to Airbus's original plans before the airline market recession to boost annual production to about 100 planes by 1984. Boeing, the dominant civil aircraft manufacturer, has also suffered from the downturn in the market but has been helped crucially by ability to mix sales of wide-narrow-body jets and its much greater capacity to trim staff compared with European aviation companies.

Airbus has picked up about a dozen orders for the wide body A300 and A310 jets since the start of the year and has also been comforted by the formal launch of the A320 narrow body airliner programme ready for delivery in 1988. Air India last month confirmed it is buying six A310 jets after a bitterly fought tussle with Boeing.

But Aerospatiale, the French nationalised group which is the main Airbus shareholder along with Messerschmitt-Bölkow-Blohm of West Germany, is taking a particularly cautious line over the need to adapt Airbus production to sluggish demand, even though it believes sales eventually will recover.

Aerospatiale has just disclosed a FFf 337.5m (£50.8m) loss for 1983, its first for five years, caused by a FFf 1.9bn increase in provisions caused partly by risks associated with the Airbus.

M Hendri Matre, the Aerospatiale chairman, pointed out last month that unsold Airbus aircraft of which there are now about 200—along with other excess stocks created costs for future years and necessitated an "extremely prudent" policy of making provisions.

The transatlantic partnership could give rise to a patents battle between France and the U.S. over the commercial exploitation of AIDS diagnostic tests—a market worth many millions of dollars.

## Pan Am considers leasing A-300s for U.S.

BY LESLIE COLLIT IN BERLIN

PAN AMERICAN World Airways may lease A-300 wide bodied aircraft from Airbus Industrie for use in the U.S. and possibly on its internal German services—routes it operates from a variety of West German cities into Berlin.

Pan Am's chairman, Mr Edward Acker, and vice-chairman, Mr Gerald Gittner, held discussions recently with Herr Franz-Josef Strauss, the Bavarian Prime Minister, who is also chairman of the supervisory board of Airbus Industrie, the Anglo-French-German-Spanish consortium.

The company has not committed itself to the Airbus—it has also had talks with McDonnell Douglas and Boeing of the U.S. for replacement aircraft for its 737-200 aircraft now used on the German operations.

## French in U.S. deal to seek Aids test

By Our Paris Staff

FRANCE'S public sector Pasteur research institute with Genetic Systems, a medical company based in Seattle, to commercialise internationally diagnostic tests for Acquired Immune Deficiency Syndrome (Aids), the mystery killer disease which wipes out the body's immunity to infection.

The accord was signed with the Institut Pasteur's commercial subsidiary, Institut Pasteur Production, which is jointly owned with the Sanoft drug company of the Elf Aquitaine group. It represents an important bid by France to develop a vaccine for the illness, prevalent among homosexuals, which has affected about 4,000 people since it was recognised three years ago, killing half of them. The immediate commercial interest is in scanning blood products to ensure that carriers do not pass on Aids, for instance through blood donations.

The announcement marks a further step in rivalry between French and U.S. scientists over responsibility for discovering the cause of the disease.

The transatlantic partnership could give rise to a patents battle between France and the U.S. over the commercial exploitation of AIDS diagnostic tests—a market worth many millions of dollars.

## Old UK power plant for Malta

By Maurice Samuelson

TWO turbines from a British power station have been sold to Malta in what the UK Electricity Council calls "the first major overseas sale of redundant power plant."

The two 60 MW units come from the coal-fired Little Barford station near St Neots in Huntingdonshire. They will be installed in an extension to the Marsa power station in Valletta. Malta is understood to have paid less than £1m for the turbines which, the Electricity Council says, "will continue to run for many years."

## Tourism becomes key factor in plans to cut Hungary's debt

BY LESLIE COLLIT IN BERLIN

HUNGARY, which together with Bulgaria is Eastern Europe's leading destination for Western tourists, says that 700,000 Westerners visited the country in the first four months of this year, 23 per cent more than in the same period last year.

Spending by Westerners increased 13 per cent to give a surplus on the tourist account of \$28m which was \$4m more than in 1983. Tourism is Hungary's second largest hard currency earner and has become a vital element in plans to reduce the convertible currency debt. Last year 550,000 Hungarians travelled to the West, a figure expected to rise 3.6 per cent this year.

In Bulgaria, which had a drop in Western tourists in recent years, a tourism official said bookings for holidays at the Black Sea are running well ahead of last year and that between 6 and 7 per cent more westerners are expected this year.

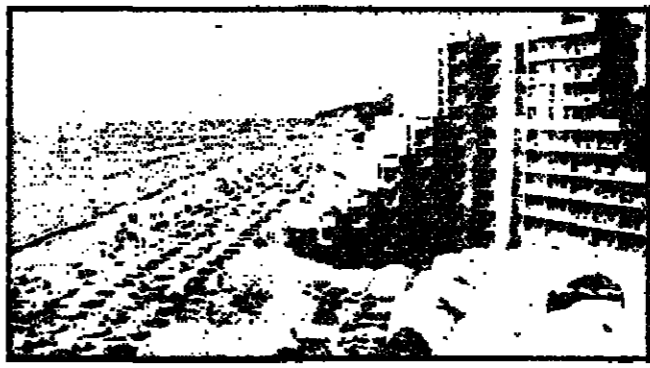
The main group of Western tourists, from West Germany, dropped from 191,000 in 1981 to 158,000 last year. About 10,000 fewer West Germans are expected to come this year as Bulgaria caters to the lower income travel market in West Germany which has been worst hit by the recession.

Britain sent the second largest number of tourists from the West in 1983, 50,000 compared with 54,000 in 1981. Mr Todor Nanov of the Bulgarian Tourism Association said in a recent interview that the number of British bookings this year is up sharply and is expected to exceed last year's total by 30 per cent. He said British tour operators book higher category hotels than their West German counterparts.

Both Hungary and Bulgaria are the major holiday countries for East Europeans, with 5.1m Eastern tourists visiting Hungary last year. Some 1.4m East European holidaymakers went to Bulgaria.

Mr Nanov noted that negotiations are under way with the main East European countries which send tourists to Bulgaria to have them build hotels for their nationals at the Black Sea. Until now Bulgaria could not satisfy the demand for hotel space from East Germany, Poland, Czechoslovakia and Hungary.

"They would provide the investment funds," Mr Nanov explained "and we would provide the natural resources—sea, sunshine and food."



A Bulgarian Black Sea resort—tourism income on the rise.

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## Philippine nuclear plant faces finance problems

BY EMILIA TAGAZA IN MANILA

THE PHILIPPINES' controversial first nuclear plant is set to be topped with its first uranium fuel next month, and to start commercial operations in January next year amidst emotionally charged questions over its safety and cost.

When the project began eight years ago, its estimated cost was \$1.1bn (£846m) but long construction delays, rising financing charges, cost overruns and additional safety features has pushed the total cost to almost £2.6bn.

The National Power Corporation (NPC), which owns and manages the project, is now trying to raise about \$60m before year-end to pay interest on construction loans falling due next year.

However, it is doubtful whether NPC will be able to raise the required amount and creditors may be forced to re-schedule loans. The Philippine Government has suspended payments on principals of foreign loans since October last year. As a result there has been only a trickle of foreign funds into the country.

## Channon likely to press UK Bulgaria contracts

BY PATRICK BLUM AND DAVID BUCHAN IN SOFIA

A U.S. Senate decision vote last week to deny Government promotional funds for trade with Bulgaria on the grounds that it is a terrorist state might, if carried through, create better sales opportunities for other Western countries, Mr Chudomir Alexandrov, the first Deputy Prime Minister of Bulgaria said yesterday.

British companies are currently trying to win three major new contracts in Bulgaria, and these are expected to be pressed by Mr Paul Channon, the UK trade minister who arrived here for three days of talks yesterday.

Bulgarian officials take the U.S. Senate vote primarily as a political slight, conceding that the economic impact will be minimal. One possible British contract—the bid by GEC-Plassey to sell Bulgaria the "System X" telephone exchange developed for British Telecom—is in any case held up by negotiations among Western allies in the Paris-based co-ordinating committee (CoCom) to tighten western controls on technology sales to the Soviet bloc. The U.S. has argued that sophisticated telecommunications have a military role.

The other British contract negotiations concern bids by ICI to refit a petrochemical plant and by Rank Xerox to licence local manufacture of its copiers. Even here, the Bulgarians are concerned that future Western restrictions might curb supply of components.

Bulgaria's trade with the UK, though well behind that with many West European countries, is considerably bigger than that with the U.S. Mr Ivan Gospodinov, a Bulgarian foreign trade ministry director, said that trade with Britain was hampered by the exchange rate instability of sterling and national quotas which the EEC permits member countries to impose on eastern state trading countries. Mr Channon is likely to hear these complaints in his talks with senior Bulgarian ministers.

Six British companies, ICI, Shell, John-Brown, Cadbury-Schweppes, General Motors Europe, and Northern Engineering Industries, have industrial co-operation agreements with Bulgaria. Mr Gospodinov hoped the Channon visit would expand these economic ties.

Some U.S. companies have reassured Bulgaria in the past week that their trade will continue, officials here say.

## A healthy boost for UK medical exporters

By Our Trade Editor

TWENTY-FIVE Middle East and Asian civilian and military health officials have been invited to Britain to hear an unusual joint sales pitch by UK medical export companies.

Described as "a top-level planning and policy conference," to be held at Leeds Castle in Kent for the next four days, the event is a disguised marketing effort to revive a flagging British share of a still-lucrative business.

Nine companies have contributed nearly £100,000 between them to entertain the conference. The Department of Health and other Ministries, despite initial misgivings, have endorsed the exercise.

The companies themselves have called a competitive truce in order to show that Britain can present the kind of united front that they say the French, West Germans, Americans, Japanese and South Koreans are demonstrating in the Middle East.

They have agreed that any business resulting from the conference will be pooled. However, as one participant confessed, that is unlikely to stop some discreet private lobbying of the captive officials.

Some countries, like Libya, have been excluded on political grounds, others for lack of commercial interest. To make up the numbers, Indonesia, Malaysia and Pakistan have been included in what is otherwise a predominantly Arab audience.

To signal Government endorsement, the conference is to be opened by Mr Kenneth Clarke, the Minister for Health.

According to the industry's trade association, the British Health-Care Export Council, contracts for new hospitals in the Middle East are drying up, but renovation of some earlier botched hospital contracts, and the supply of equipment, management and training provided good prospects.

Some of the visitors will spend next week visiting British military medical establishments as the guests of International Military Services, a contracting company wholly-owned by the Ministry.

## BREAKTHROUGH: WEAVING LIGHTNESS AND STRENGTH INTO AIRPLANES.

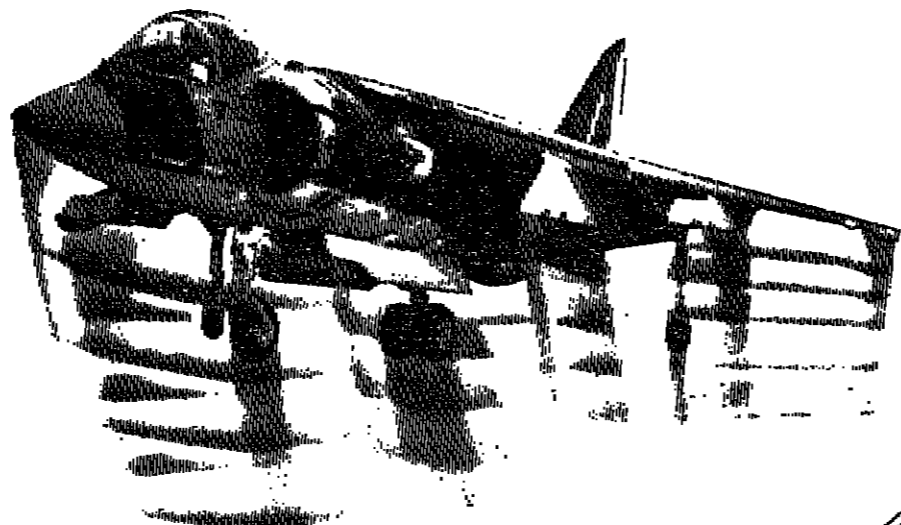
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## UK NEWS

## British Steel cuts its trading loss by £200m

BY PETER BRUCE

BRITISH Steel Corporation (BSC), the state-owned industry, has cut its trading losses by nearly £200m. It made a loss of £122m in 1983-84, compared with a £318m deficit the previous year. Its loss on trading after interest was £174m, £7m within target.

Mr Robert Haslam, chairman of BSC, warned in the annual report published yesterday that the coal miners' strike had virtually destroyed any hope of the corporation breaking even this year and thereby achieving an important corporate target.

Mr Haslam said BSC would have come close to breakeven in 1984-85 "until our recovery was, frustratingly, blown seriously off course by the miners' strike."

The notes to the accounts also warn that because of the strike the corporation may not be able to stay within the £275m external financing limit, or subsidy, set by the Government last October.

The report carries a strong hint that BSC is continuing to press for the closure of one of its five integrated steelworks. Mr Haslam said the BSC board had been "having another radical look" at the business and had presented a set of

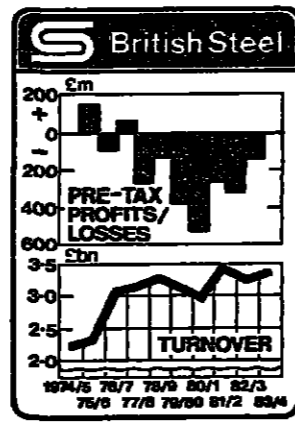
strategic objectives to the Government.

He said the corporation had been disappointed by the report of a parliamentary committee earlier this year. The report had recommended that all of BSC's three strip mills should be kept open in the hope that market share would improve. It criticised the "piecemeal" approach adopted by BSC in privatising its businesses.

Mr Haslam commented: "The report and recommendations of the committee, when published, were disappointing and irreconcilable with our need to be free of state aid by 1988-87."

BSC has been involved in protracted negotiations with Guest, Keen and Nettlefolds on merging their engineering steels businesses in a scheme, widely known as Phoenix Two. This will combine GKN's Brymbo works in Wales with a number of BSC's special steel plants around Sheffield, Yorkshire.

The annual report reveals that BSC has a further 13 separate negotiations concerning privatisation, either as total disposals or joint ventures, involving BSC assets worth about £75m.



The corporation's total losses dropped from £869m to £256m, an improvement due largely to the slowdown in job cuts and plant closures. Rationalisation and other exceptional costs fell £404m to £79m. Turnover increased 3.9 per cent as higher steel consumption in the UK, coupled with an end to destocking, led to recovery in UK sales volumes of 4 per cent and 16 per cent in export volumes.

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## Lloyd's underwriters face £30m tax bill over Minet affair

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 1,000 underwriting members of Lloyd's, the London insurance market, face a £30m tax bill arising from the alleged misappropriation of at least £38m of their funds by former executives within the Minet Holdings group.

A major row has now broken out in the Lloyd's community among underwriting members, who have been seeking to recover more than £38m which was channelled out of their funds over a 14 year period between 1988 and 1982 by former underwriting executives in the Minet Holdings group.

The Inland Revenue is taking a tough line because it has argued that the money, allegedly diverted for the personal benefit of the former underwriting executives, was channelled out of the members' funds in the form of commercial business contracts.

Minet has alleged that the diverted funds were channelled out of the insurance syndicates into which the members were grouped in the form of "reinsurance premiums" to companies controlled offshore by the former underwriting executives. The Revenue, in the past, has allowed reinsurance premiums to be

treated as a tax deductible expense item.

The Inland Revenue now says that reinsurance premiums were not a proper deduction for computing the profits of the members for the tax periods between 1970 and 1980 and has concluded that the taxable profits were understated. It is seeking to recover the arrears of tax and intends to charge interest on them.

It is understood that the Revenue is seeking to tax £18m of funds in past underwriting accounts which was shown as "reinsurance premiums." It is also seeking to tax £18m of funds in accounts which have not been closed and a further £7m on rollover funds, which the Revenue is regarding as a device designed to reduce the level of tax liabilities.

The Revenue's attitude has alarmed underwriting members who were preparing to accept a £38m compensation offer for the missing money from Minet. Because of the tax treatment many of the 350 members, who indicated that they were prepared to accept the offer are now withdrawing their acceptances before the deadline for the offer closes on July 19.

## £30m tax relief for owners of ships

By Kevin Brown

THE GOVERNMENT last night announced a tax concession to ship-owners worth up to £30m a year.

Mr John Moore, Financial Secretary to the Treasury, told the House of Commons that free depreciation for new ships, which shipowners have enjoyed since 1961, is to be continued.

The system is to be changed, however, to take account of the phased abolition of capital allowances, announced in the budget earlier this year.

The change is intended to ensure that spending on new ships is not treated any less favourably for tax purposes than spending by other companies on machinery and plant.

The main effects are to protect companies from being adversely affected by the transitional relief arrangements involved in the phased withdrawal of first-year allowances, and to put companies on the same basis as individuals for the purpose of claiming writing down allowances.

Mr Moore said shipping was particularly vulnerable because of the worldwide recession in the industry.

## COMPANIES PREPARE FOR DISRUPTION

### Dock strike slow to bite on industry

BY OUR INDUSTRIAL STAFF

BRITISH MANUFACTURERS, importers and exporters shaken by the onset of the national dock strike, were yesterday trying to marshal their forces to deal with the disruption to imports and sales abroad.

Many companies said they were still having difficulty monitoring the wave of action at smaller ports not included in the initial stoppages on Monday and Tuesday. The rapid development of the strike has made it difficult for them to make predictions and switch business to unaffected ports.

Some businesses have had little time to readjust their operations and have already been hit. The British Steel Corporation was understood to have been flooded with offers of steel scrap from merchants unable to ship to new and important markets in Spain and the Far East. Scrap prices have also fallen.

At one of the UK's largest scrap exporters, the Kent-based Mayer, Newman, Mr Nigel Clarkson, whose company handles the export of about 90,000 tonnes of scrap a month, described the strike as a major blow.

"I have not heard anything to give us any optimism. We have worked hard to open up places like Tilbury for heavy traffic, but if this strike lasts our customers will almost certainly go back to their traditional suppliers."

Mr Roger Stevens, managing director of Mills Marketing Services, one of the main UK importers of Japanese machine tools, said five computer-controlled machines worth a total of £300,000 had been held up at Tilbury.

Mr Mike Hughes, managing director of Still, a West German fork

lift truck importer, said a cargo of trucks and components had already been held up at one UK port. "The product is too heavy to airfreight in," he said, echoing the difficulties faced by a number of mechanical engineering importers. Lighter, high technology imports could be delivered by air.

Most of the businesses approached yesterday did, however, appear to have some time left before the strike begins to bite, largely because of the slackening of sales during the summer.

The Japanese Komatsu company, one of the leading companies in construction equipment, has a "reasonable amount of stock" at the Redditch headquarters of its British Marubeni-Komatsu operation, the company said yesterday.

Before the strike, stock was coming in daily, "but we could be embarrassed on some equipment in about 14 days, while it will take longer for the strike to hit other products."

If the strike goes on, "we will find ways around it," Mr Ian Paterson, the sales director of the British company said yesterday. Komatsu has a large stocking area in Brussels. Goods could come in through Britain's "very small ports," to bypass the strike-hit docks.

Mr Paul Wright, marketing manager at Stanley Tools, said a strike would start to have an effect in about six weeks. Stanley imports a number of tools and exports about 40 per cent of its £30m annual sales in hand tools.

The motor industry will not be disrupted for some time because most companies already have supplies to cope with the August peak sales.

## Economic worries ruffle the Tory rank and file

BY PETER RIDDELL, POLITICAL EDITOR

YESTERDAY'S sharp rise in interest rates in Britain and the decision to give additional cash aid to the troubled Liverpool council, triggered a flurry of rumours around the House of Commons.

These focused on press agency reports of a "wave of deep unrest among Tory MPs" and about secret meetings by some MPs to plot against the leadership of Mrs Margaret Thatcher, the Prime Minister. Most of the reports appeared to reflect the views of a few disgruntled MPs.

Most bizarre of all, on the eve of the 40th anniversary of the July plot against Hitler, was a lunchtime story that Mr Francis Pym, the former Foreign Secretary, was holding a secret meeting of Tory MPs to discuss the Liverpool case.

Mr Pym was prompted to reply: "We know that the Government has its difficulties and July is the silliest season. But this seems the most extreme kind of invention."

Whitehall spokesmen and party officials dismissed this talk. Privately they conceded that MPs' morale may be improved only when the parliamentary recess starts in two to three weeks' time.

Whatever the current exaggerations, there is no doubt that many Tory MPs are worried by the impact of the latest rise in interest rates upon the economy, and upon the Government's political prospects, especially after the recent local government rows.

Even mainstream MPs feel that the Government's grip has been shaky in recent weeks. This has prompted some private criticism of Mrs Thatcher's performance in Parliament, but there is no evidence of widespread demands for ministerial changes.

A limited ministerial reshuffle is expected later this year, probably in early September although possibly at Christmas. It is significant that the prominent former ministerial critics of the Government like Sir Ian Gilmour have kept quiet in the last few days.

Last night, Mr Roy Hattersley, Labour's chief financial spokesman, claimed that the British economy was tottering on the brink of crisis. He said the answer was not to increase interest rates but to deal with the underlying problems of the British economy.

## City council agrees not to set illegal budget

BY HAZEL DUFFY

THE Labour-controlled Liverpool council, which had threatened to pass an illegal high-spending budget which would have caused the city to become bankrupt, yesterday avoided direct confrontation with the Government by setting a legal budget for the financial year. This follows an agreement by the Government to allocate extra money to the city.

The left-wing council, however, appears to have made certain accounting adjustments to keep its promise of no cuts in local services, no job losses from its staff and no big increases in property taxes. This could lead to another crisis in the next financial year.

In the House of Commons Mr Patrick Jenkin, the Environment

Secretary, had difficulty in defending his claim that the Government had not bent over backwards to accommodate Liverpool.

Mr Jenkin denied that he had treated Liverpool exceptionally. The Government says it has allocated only an additional £5.9m to the city, mainly out of urban programme funds. This amount would have enabled Liverpool to make only a small reduction in its planned £262m budget.

That budget, if approved, would have required an increase of 174 per cent in local property taxes to make up the difference between government grants and spending.

Yesterday the council voted for an increase of only 17 per cent.

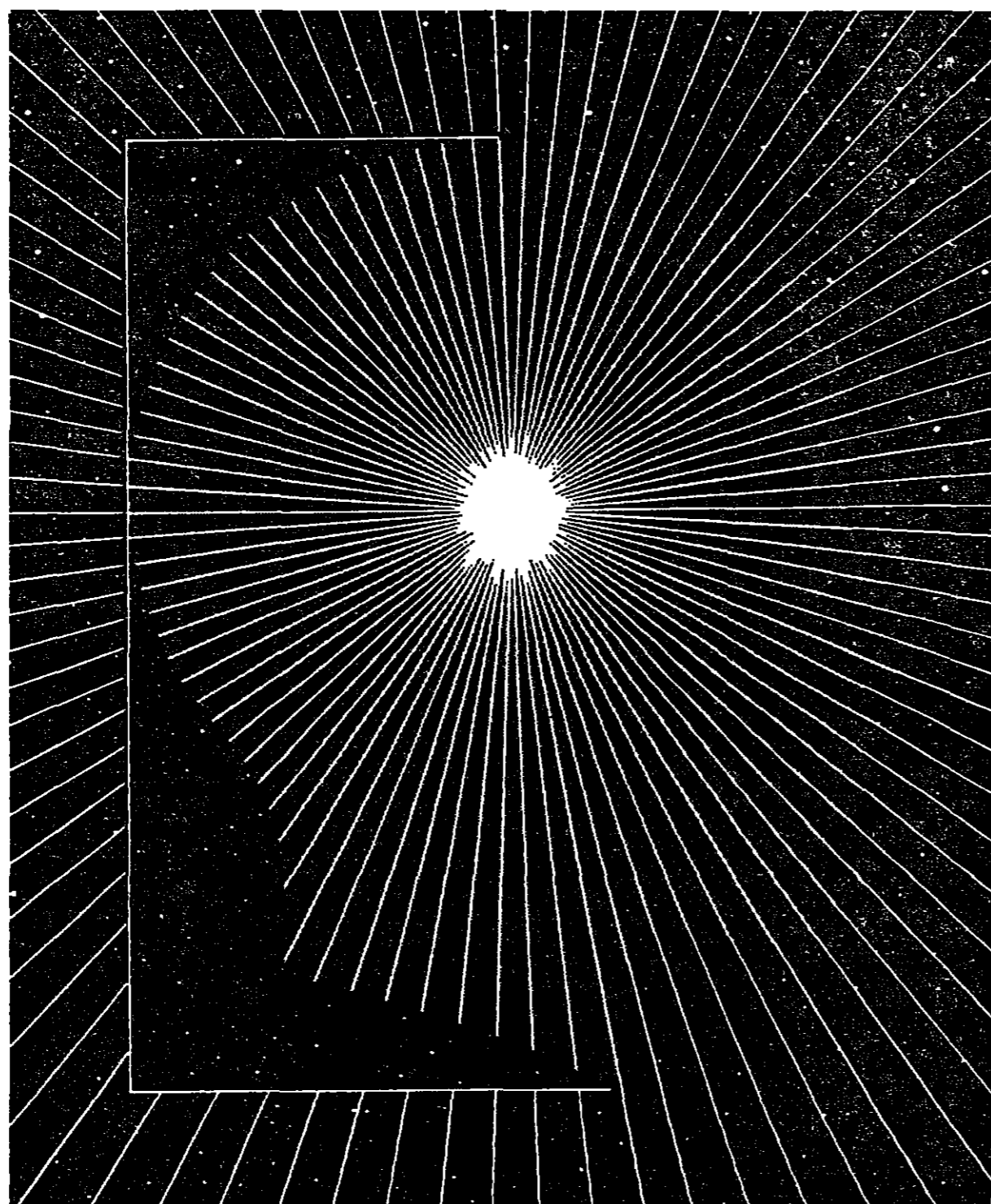
## Tractor sales down by 17%

BY LYNTON McLAINE

INTRODUCTION of milk quotas has "significantly hit sales of tractors" in the UK in the last few months, according to Mr Geoffrey Tiplady, president of the Agricultural Engineers Association.

He said registrations of tractors in the UK were down 17.2 per cent to 11,844 in the first six months of 1984 compared with the same period last year.

"For the first three months sales were roughly in line with expectations but decisions taken by the EEC on common agricultural policy prices and the actions to curb the surpluses caused a mood of uncertainty through April, May and June, which affected demand," he said.



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# “British Airways welcomes competition”

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Chairman, Lord King of Wartnaby.

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## JOBS COLUMN

# What private use of company car is worth

BY MICHAEL DIXON

OF THE MANY questions which regularly stump this column, none has dumfounded it more than: "Is being offered a company car of such and such a type—what's its value in terms of extra salary?"

As several readers know, alas, I've hitherto failed to respond to it any more helpfully than I could to: "How long is a piece of string?" The answer depends on a complex of variables, including the individual's tax position.

But today, thanks to the latest top pay review from Incomes Data Services (140 Great Portland Street, London W1; telephone 01-590 0521), the Jobs Column is able to do somewhat better.

The table up there to the right is drawn by IDS from this year's pay survey by PA Management Consultants. It takes company cars in various price brackets and values the private use of them under three different conditions.

The first is when the employer provides the vehicle and meets running costs except for the petrol for private mileage which has to be paid for by the user. The second column of estimates assumes that the company pays for the petrol for up to 8,000 miles of private use yearly, including travel between home and work. The right-hand column refers to those fortunate people whose employer meets all costs associated with the company car.

Approximate retail price of car	Estimated annual value to employee when:		
	No non-business petrol is paid	Petrol is paid to 8,000 m.p.a.	All petrol is paid
Up to £6,000	£2,200	£2,400	£2,850
£6,001-£7,000	2,600	2,850	3,400
£7,001-£9,000	3,300	3,550	4,300
£9,001-£11,500	4,050	4,700	5,200
£11,501-£14,000	4,700	5,450	6,500
£14,001-£19,000	6,100	6,950	7,850
Over £19,000	7,450	8,400	9,150

The table's figures, which are a good deal higher than the value scales adopted by the UK Inland Revenue, are at best rough guides because so much depends on the person's and the company's circumstances.

According to another study—Ray-MSL's survey of employee benefits—the status-level as measured by salary at which staff are granted a company car in Britain is, on average, £15,300. But Incomes Data Services emphasises that the average figure conceals wide variances among industries and from one part of the country to another.

What IDS goes on to say, however, gives me the chance to offer at least one knowledgeable opinion. The statement is: "The experts' figures we have looked at disagree as to what a standard replacement cycle should be..."

In my experience a very good replacement cycle is a Youngs lightweight frame, with dropped handlebars and a 12-speed gear

among other sporty fittings at a total price of about £300.

Indeed, if you're reading this while your company car is jammed in the London traffic and a white bicycle of that kind has just swished past you, it is probably being ridden by the Jobs Column. It doesn't endow much by way of status, but it certainly makes you stronger. I haven't felt fitter for 20 years.

### Reviver

SOMEONE TO revivify the UK business of a European construction-materials group, first raising sales of imported products then setting up manufacturing here, is sought by Clive Taylor of Executive Appointments.

He may not name his client. So, like all other headhunters mentioned in this column who do not disclose the employer, he promises to abide by any applicant's request not to be identified to the company concerned at this stage.

Where to base the born-again British branch is one of the questions the new general manager will have to answer. Another is how to generate £5m turnover within five years of opening the UK plant for making the materials, which have many applications in civil engineering.

Candidates should be entrepreneurial in outlook and have made profits as general manager of a business operation of a comparable kind. Fluency in German a help, but not essential.

Pay up to £30,000, with bonus on results and car. Inquiries to Mr Taylor at 18 Grosvenor St., London W1X 9PD; tel. 01-499 0513, telex 27893.

### Systems sales

A SALES and marketing manager is wanted by Vivian Lawrence, of the Executive Appointments consultancy's offshoot Guy Redmayne and Partners, for the London-based commercial systems division of a company which he can name. It is Hoskyns Group.

The main task is to develop new and increase existing markets for a new set of financial-control systems, first in the southern halves of England and Ireland, then elsewhere. Initial target for the recruit, who will have to add a new member to the present support-

ing team of two, is £1m extra revenue.

Sales success in the information technology business is required. So is knowledge of financial accounting and demonstrable ability to spot new opportunities and selling tactics and lead a small team in exploiting them.

Salary £20,000-£25,000 with incentive bonus and car. Mr Lawrence's address is also 18 Grosvenor Street, London W1X 9PD, but his telephone numbers are 01-409 0355 or 2810.

### Catering

A DIRECTOR of sales and marketing is sought by recruiter Peter Cockell of Lewis Briggs International for a catering-equipment manufacturer in North-west England. It is part of a £3,000m-turnover group.

With 200 subordinate staff, the newcomer will be responsible to the managing director for all marketing and sales activities, with emphasis on fast-food outlets. Success as a manager in businesses which do catering, rather than supply equipment for doing it, would be a big help.

Applicants must have all have shown they can lead a large sales and marketing operation. Salary indicator £20,000. Other benefits include a car. Inquiries to Mr Cockell at

Suite 8, 18a Cavendish Square, London W1M 9AD; tel. 01-499 6857, telex 27345.

### Sharper end

A QUALIFIED company secretary with international-company experience who wants to get stuck into line management with a leisure-industry group, is wanted by Ken Orrell of the Hay-MSL consultancy (52 Grosvenor Gardens, London SW1W 0AW; tel. 01-730 0833, telex 23119).

As well as secretarial duties the work will entail project management and sharper-end commercial transactions. Salary indicator £35,000, with perks for negotiation.

### Personnel

A PROFESSIONAL manager with enough personnel experience to co-ordinate an international group's personnel policies covering 800 staff in the UK and three other North European countries, is sought by consultant Ian Duff of Hoggett Bowers (5/6 Argyle St. London W1E 6EY; tel. 01-774 8862, telex 23152 Monref 4262).

Candidates for the post, probably based in London, should speak another main European language besides English. Salary about £18,000. Again perks include a car. Why so many companies encourage executive dead-legs, I can't understand.

## European Equities

### Analysts/Fund Managers

Our client, a leading Investment House, wishes to expand its global coverage to include the major European countries. They are therefore seeking to recruit high calibre personnel with several years experience of one or more European stockmarkets. Candidates, who may currently be working in either a broking or fund management environment, should have a demonstrable track record, be under 35 years old, and have the personality to fit in with a young and aggressive team. Fluency in a European language, although not essential, would be a major advantage.

Interested candidates should apply in writing, enclosing a full curriculum vitae to **Martin Constable, Michael Page Partnership, 23 Southampton Place, London WC1A 2BP**, quoting ref 3405, or phone 01-404 5751. Strictest confidentiality assured.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## Head of International Equity Sales

One of the top six independent British stockbrokers wishes to appoint a Senior Executive to manage and develop their international sales and research section.

The firm has a very substantial UK institutional client base with whom a growing volume of international business is conducted. The further development of this area is a high priority and will command considerable resources.

This is a key appointment. The successful candidate must have experience of one or two international markets and combine dynamic business development skills with the ability to motivate and lead other professionals.

An excellent compensation package is offered.

Please reply in confidence to:

Box F7/859 St. James's House, 47 Red Lion Court, Fleet Street, London EC4A 3EB.

## Financial Advertising Board Appointment

Streets Financial is one of the largest and most successful advertising and public relations agencies operating in the field of financial communications. Its clients range from large international corporations and financial institutions to smaller, highly specialised companies.

Working alongside the Head of Advertising you will be responsible for the management and development of a number of key accounts in the unit trust, insurance and banking fields. Additionally, your responsibilities will include a major role in the agency's planning function. A Board appointment is envisaged.

Ideally, you will already be at senior agency level with an interest in and appreciation of the financial services sector and the potential it holds. Alternatively you may be in the marketing area of a financial organisation and have a detailed knowledge of the advertising agency business.

Remuneration, which will include a profit related bonus, should not be a limiting factor.

Please write in confidence to John Cameron, quoting ref. CF280 at 10 Bolt Court, London EC4 (telephone 01-583 3911).

**Chetwynd Streets**

Management Selection Limited

## Security Audit

We are acting for an internationally renowned telecommunications operation who are seeking to develop a new senior management position in their Audit and Inspection department.

The requirement is for a senior manager aged probably between 35 and 45 who currently holds a top line position in bank audit and security inspection. Exceptionally strong experience in computerised audit is essential.

The successful candidate will be a proven leader with the stature and skills to communicate effectively and persuasively at senior levels. The appointment calls for a tough, innovative and agreeable personality, fluency in at least one language

other than English and a willingness to be based on the European mainland.

A highly attractive salary package which will reflect the importance placed on this key appointment will be negotiated with the successful candidate.

Please write with c.v. in strictest confidence, to Christopher S. Bainton, Executive Selection Division, Peat Marwick Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD, quoting reference S3398/L.



## Hill Samuel Investment Management Limited

### Fund Management Private Clients

We regard Private Clients as a major and expanding area and we are currently seeking to strengthen our Private Client department by appointing an additional Manager.

We seek a person with at least five years' experience of investment, three of which should have been in a Private Client Department, and he/she should have worked for a similar organisation or for a stockbroker who specialises in looking after private clients.

He/she will probably have a Graduate background but more important will be someone who combines analytical training with a flair for portfolio management. Obviously he/she will need to be able to communicate at all levels and to liaise with major clients.

Please write in the first instance, quoting reference 561, to the Company's advisor in this matter, Keith Fisher at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

**Overton Shirley & Barry**  
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS



## Corporate Financial Services

### International Banking

#### London & New Zealand

Salary indicator £20-£30,000

The Bank of New Zealand is the largest bank in New Zealand with a substantial customer base and a strong international network of branches. A major area of expansion is in merchant banking services and the bank is actively seeking to recruit a small number of high calibre executives in this field for its offices in London and Wellington, New Zealand as follows:-

#### Senior Executives

There is a requirement for individuals with a background of experience in the capital markets, corporate and project financing, and of handling merger and acquisition assignments. While applicants may currently be specialising in one of these particular fields a good working knowledge of the other disciplines is sought. The requirement is for a proven track record of relevant experience and preferably a professional qualification.

#### Middle Management Executives

The bank also wishes to appoint executives at middle management level. Experience sought is in the fields outlined above, but perhaps not as extensive and applicants will be aged around 30 years or less. Responsibilities will include corporate relationship management, product development and marketing.

There are openings at both levels in London and New Zealand and a first class international career development path is available. There is an excellent benefits package available including relocation assistance if appropriate.

Those interested should write to Nick Waterworth at the Banking and Finance Division, 23 Southampton Place, London WC1A 2BP quoting ref. 3397, or telephone him on 01-404 5751.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## FINANCIAL DIRECTOR GROUP COMPANY SECRETARY

STOKE-ON-TRENT c £20,000

As a result of profitable growth and expansion plans, a nationwide parcel delivery and express freight service organisation seeks to appoint a Chartered Accountant for this new post, reporting to the Chairman. An entrepreneurial Financial Director is required to take full responsibility for the financial control of this Group as well as the handling of all the legal and statutory requirements as a Company Secretary.

The ideal candidate will demonstrate a successful post-professional track record of at least 10 years, preferably with a service company, and have gained expertise in all aspects of the Financial Control and Company Secretarial functions including a knowledge of accounting systems based on computerised techniques.

With experience of acquisition negotiation the successful candidate will possess the drive and enthusiasm to apply financial skills to the development of a dynamic company. Rewards: Salary £18,000-£22,000. Pension, car and usual benefits. Applicants should apply in confidence to: S. D. H. Mawditt, Managing Director Senior Management International (Recruitment Consultants) Landseer House, 19 Charing Cross Road London WC2H 0ES

### CORPORATE FINANCE - ASIA

£30-35,000  
The International Finance Division of a leading U.S. merchant bank is seeking an senior manager level to reflect its growing involvement in Asian business activities. The appointee will join a highly professional team, marketing a broad product range to banks and corporations in Asia. The position offers considerable scope for a highly motivated individual with at least three years' experience of marketing merchant banking products, coupled with a good knowledge of the region.

### ENERGY LENDING ... to £18,000

Respected U.S. bank, strongly committed to energy-related financing, offers career opportunity to an individual with two years' relevant lending experience backed up by formal credit training. Working within a small specialist team, the successful candidate will be involved with all stages of developing and reviewing a substantial client portfolio.

### CREDIT MANAGER ... to £25,000

A key position with a well-established European bank. Responsibilities will encompass control of a small, professional credit team and all proceedings of Credit Committee proposals. Relevant applicants should have strong analytical background in international banking, coupled with effective communication skills. Contact: Felicity Hetherington

### COMMODITY BANKERS ... £20-25,000

Three major international banks offer opportunities for Commodity Bankers in the Commodities sector. The candidates will be handling business, aged in their 20s or early 30s, with current high level account responsibility in the financing of commodities, possibly including both softs and oil.

### CREATIVE LEASING ... c.£20,000

We are recruiting for a fast-paced team with ambitious development plans in a wide range of lease products, particularly those aimed to the corporate finance markets. The ideal candidate will have at least two years' experience in leasing portfolios, coupled with an imaginative approach to clients' needs in this area.

### TREASURY MARKETING - FINANCIAL INSTITUTIONS ... £negot.

We are seeking three first-class candidates with a particular background in the graduate-entry FTB Marketing Offices. Within the role there is a broad 'mix', covering both dealership liaison and consultancy work, with an emphasis on marketing to financial institutions. Some previous dealing experience might be useful, allied to analytical and report-writing skills. Contact: Kevin Byrne

### SENIOR SPOT DEALER - BRUSSELS

Our client, a prime international bank, wishes to appoint a Senior Spot Dealer to its Brussels Branch. Candidates should be aged under 30 years, and have a good working knowledge of French. An attractive remuneration package will be offered. Contact: Leslie Spinks

### EUROBOND TRADER (STRAIGHTS) £20-30,000

Our client is a highly successful investment bank with an excellent reputation for its capital markets activities. Continued growth, despite difficult trading conditions, has created an opportunity for a bright, aggressive Straight Bonds Trader. The successful candidate will be a key appointment, and the position carries significant career prospects in a result. Contact: Felicity Hetherington

### SENIOR ANALYST ... to £14,000

Our client, a well-established international bank, wanted to appoint a Senior Analyst to its London office. Candidates should have a Bank & Corporate Finance degree. Candidates should have 2-3 years' experience in a similar position, preferably with a strong analytical background. For the right candidate, there will be early promotion prospects. Contact: Leslie Spinks

### U.S. EQUITIES RESEARCH/ SALES ... High neg. salary

Our client is widely regarded as one of the most innovative in the international capital markets. They now wish to build an Equities team, operating in the U.S. markets, and seek someone to provide both research skills and proven sales ability. The package offered represents a considerable premium on the market average. Contact: Kevin Byrne

### LOANS OFFICER ... to £14,000

Our client, a major European bank, seeks an experienced Credit Analyst/Officer to its London office. The successful candidate will be a key appointment, and the position carries significant career prospects in a result. Contact: Felicity Hetherington

### SENIOR ECONOMIST ... c.£17,000

This respected international bank, based in London, has a global presence in corporate banking activities. The successful candidate will be a key appointment, and the position carries significant career prospects in a result. Contact: Felicity Hetherington

Anderson, Squires, Bank Recruitment Specialists  
Blomfield House, 85 London Wall, London EC2

01-588 6644

Anderson, Squires



### BANKING PEOPLE

**NEW PRODUCTS** c£25,000  
Subsidiary and progressive international bank seeks a highly capable Treasury Marketing Officer. Principally involved in the marketing of new products, the appointee will need to be fully conversant and up to date, with existing and potential money market instruments and periphery. It is likely that the appointee will be a graduate with an impressive track record probably with a leading U.S. bank.

**MARKETING OFFICER** c£17,000  
Our client, a European Bank seeks to recruit a Marketing Officer for their Export Trade Finance Department. Responsible for developing the existing portfolio and monitoring of deals, you should be a graduate with sound experience especially in ECSD. This position offers potential for overseas travel.

**FX DEALER** c£17,000  
The London branch of a European international bank requires a FX Dealer for their small but active dealing room. Trading spot and forwards in the major currencies, you will need 2 to 3 years relevant experience with an active trading bank.

**CREDIT ANALYSTS** c£13,000  
We are seeking top rate Credit Analysts for prestigious international banks. Candidates are likely to be graduates and have undergone two to three years broad-based analysis experience within leading financial institutions. There are excellent promotional prospects with openings into marketing.

4 LONDON WALL BUILDINGS, BLOOMFIELD STREET, LONDON EC2M 4NT.  
01-529 8161

## MANAGER Norwegian Lending

Bank of America is seeking an experienced banker to manage and develop its active Norway portfolio. Based in London, the successful candidate will head up a high-calibre team responsible for developing and maintaining account relationships with a diverse range of Norwegian clients around the world.

Applicants, aged 28-35, should have a degree or professional qualification in addition to substantial corporate banking experience - preferably including Scandinavian clients. Fluency in English and Norwegian is essential as is the ability to negotiate effectively at senior management level.

This opportunity offers excellent scope for career development. The compensation package is UK-based and the competitive salary is augmented by a generous package of benefits.

Write, with full career and salary details to: Mr. A. J. Tucker, Personnel Manager, Bank of America NT & SA, 25 Cannon Street, London, EC4P 4HN.



### Bank of America

## Deputy Manager, Steam Coal London based/Late 20's Early 30's International Marketing

An excellent opportunity exists for an energetic, self-motivated, internationally minded executive to join the London office of a major multi-national mining company with substantial world-wide interests in coal and metal ores.

The vacant post is as Deputy to the Steam Coal Marketing Manager - a job which requires sound marketing skills, patience and determination and which will involve extensive travel, mainly throughout Europe.

Experience is necessary in a relevant field, preferably coal or other bulk raw materials but alternatively in shipping or the marketing of heavy equipment associated with power generation, or process manufacture.

Fluency in European languages would be an advantage and a good education is essential. Sound managerial qualities are sought in a post offering considerable potential for advancement. An attractive salary will be offered, negotiable, dependent upon age and experience.

In the first instance, please reply quoting ref. 548, to E. SM. Troubridge at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London, EC4R 1AD. Telephone 01-248 0355.

**Overton Shirley & Barry**  
INTERNATIONAL SEARCH & RECRUITMENT CONSULTANTS

## - Senior Corporate Finance - to £45,000+ benefits

Our client, a leading Merchant Bank with a worldwide presence, has an established reputation for sophisticated corporate banking and a policy for financial and marketing flexibility.

In order to continue its programme of forceful marketing expansion, a Senior Corporate Financier is required, to fulfil a highly challenging role with specific responsibility for acquisitions and new business development.

The position demands an executive with substantial experience in a Commercial/Merchant Banking environment, together with in-depth exposure to acquisitions, mergers and restructurings etc. Furthermore, significant emphasis will be placed on the proven marketing ability of the successful candidate. Age indicated: 35-40 years.

The attractive salary and benefits package will reflect the seniority of this outstanding appointment. Progression to board level is envisaged in the medium term.

Interested applicants should write, enclosing a comprehensive curriculum vitae, to Roger Tipple MA, Manager, at Banking & Finance Division, Michael Page Partnership, 23 Southampton Place, London WC1A 2BP quoting ref: 3403.

All applications will be dealt with in the strictest confidence and an informal discussion will precede submission to our client.

**MP**  
**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## Chief Executive Merchant Banking Division

London based **£50,000 neg + benefits**

Our client is a privately owned holding company based in Perth, Australia with significant worldwide interests which include coal, oil and gas extraction, gold mining, commodity growing and trading, and air transport. The individual trading companies, three of which are publicly quoted, are principally concentrated in Australia, the Far East and the USA, and generate a total turnover of some £550 million.

A recent major acquisition and rationalisation of the organisation has now emphasised the need to create a merchant banking division in an internationally recognised financial centre. The decision has therefore been taken to create the division with the objective of co-ordinating all of the diverse banking and merchant banking services currently being used and also of providing or organising a full range of merchant banking services which at a later stage could be offered to third parties.

For this new appointment our client:

- SEEKS:**
- \* extensive merchant banking experience
  - \* significant international business exposure
  - \* experience of foreign exchange dealing and the commodity markets
  - \* the initiative, presence and management experience to develop a new role in a major company
  - \* the confidence to promote the activity to third parties once it is developed
  - \* a willingness to travel extensively and become involved with a complex and growing business
  - \* an individual with contacts at the main financial centres

- OFFERS:**
- \* a high level of basic salary and sound terms of employment
  - \* the freedom to develop a new function in an international group with the minimum of direction
  - \* the opportunity to help to choose the right vehicle from which to operate the activity
  - \* the opportunity to recruit and develop a small professional team
  - \* the opportunity to contribute significantly to the Group's corporate and financial strategy

Please write in complete confidence quoting reference 6262 and submitting a concise curriculum vitae to:  
**Peter Childs,**  
**Pannell Kerr Forster Associates,**  
New Garden House, 78 Hatton Garden,  
London EC1N 8JA.

**Pannell Kerr  
Forster  
Associates**  
MANAGEMENT CONSULTANTS

## Set up a Treasury and Money Market Operation

City Based **Salary Indicator: £20-25,000+ bens**

Our client is the Merchant Bank subsidiary of a major, world wide Commercial Bank. The Merchant Bank is well established in London and is involved in a broad range of activities and markets.

As part of its continuing expansion plan the Bank now wishes to appoint a senior executive with strong entrepreneurial flair to direct their entry into the treasury area. The successful candidate will have total responsibility for setting up and developing an effective treasury operation and will be required to deal in the full range of money markets including FX, Gilts and Futures.

Candidates will ideally possess a degree and have at least four or five years relevant dealing experience. Flexibility, confidence and initiative are essential personal attributes.

Those interested in discussing this particularly unusual and challenging role should contact **Chris Smith, BA (Oxon)** on 01-404 5751 or write to him at Banking and Finance Division, 23 Southampton Place, London WC1A 2BP enclosing a detailed curriculum vitae. Ref: 3404. The strictest confidentiality is assured.

**MP**  
**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## International Banking Major Expansion in Europe Africa and the Middle East

This leading international bank has assets of circa \$100 billion and a network of subsidiaries and affiliates throughout the world. Its merchant banking subsidiary in the City is committed to expanding its business in the loan and bond markets and consequently has created three new positions.

### Executive Director

Package negotiable  
Reporting to a Managing Director you will be responsible for managing a division. Your prime task will be to direct and actively participate in developing new business with borrowers in Europe, Africa and the Middle East.

Aged 35-40 you have excellent marketing ability, good experience in international banking, a proven track record in obtaining new business and the man management skills to build up a successful marketing team.

This is an energetic and highly successful bank. Senior management are only in their early forties and prospects for further career development are excellent. We accept that the people we are looking for are already major achievers in other financial organisations and confirm that enquiries will be handled in complete confidence. Ring or write to Barbara Lord of Cripps, Sears and Associates Ltd., (Personnel Management Consultants), 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701 (24 hours).

### Associate Directors

£30,000-£40,000+ banking benefits  
Reporting to the Executive Director you will take responsibility for developing the Bank's activities in specific geographical areas within Europe, Africa and the Middle East.

Aged 28-34 you have considerable experience in international lending and are currently responsible for developing relationships in the government and/or corporate market. You now seek the chance to manage an area and build up your reputation as a business generator.

**Cripps, Sears**

### Entrepreneur?

Our clients, an international investment management company, seek an assistant for the directors. You will have sound appraisal/report writing skills gained in the corporate finance/investment management arena. You are looking for a non-routine role in a stimulating environment. c £18,000.

Contact:  
**THE ROGER PARKER  
ORGANISATION**  
01-588 8161

### UNIVERSITY OF LONDON CHAIR OF INDUSTRIAL RELATIONS

TENABLE AT THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE  
The Senate invite applications for the above newly-established chair. It is wished to fill the post, as soon as possible, but in any event not later than 1 October 1984. Applications (10 copies) should be submitted to:  
The Academic Registrar (FT)  
UNIVERSITY OF LONDON  
Malet Street, London WC1E 7HU  
from whom further particulars should first be obtained.  
The closing date for receipt of applications is 14 September 1984.

### MIKE POPE AND DAVID PATTEN PARTNERSHIP

Bank Recruitment Consultants  
ACA Financial Controller (with Bank/Eurobonds) to £28,000  
Analyst/Dip. Cr. at Bank School, to 40 c £18,000  
Qualified Accountant (with Bank account) 25-30 to £15,000  
Credit Officer (25-30) to £12,000  
Experienced Local Authorities £ neg  
Brokers  
Part-qualified Accounts to £8,500  
Person (21-24)  
Please Phone Mike Pope 01-267 0953  
2nd Floor, 214 Bishopsgate London, EC2

## TREASURER £25-30,000

Our client is a European bank with a strong domestic base and an extensive international network of branches and subsidiaries. The bank is long established in London, with a staff of approximately 150 engaged in a broad range of international commercial banking activities.

Continued expansion of these activities creates the need for a Treasurer to take responsibility for financial management, overall funding, and Bank of England relations. Specifically, this will involve management of branch liquidity, control of short-term cash flows, preparation of financial statements, taxation, and supervision of the Foreign Exchange Dealing Room. The Treasurer will report direct to the London Branch Manager.

The breadth of this new role calls for a seasoned international banker (probably aged 35-45) who combines a treasury/dealing background with experience in wider aspects of financial management, including planning and budgeting. A detailed understanding of money and capital market instruments is a key requirement; a professional qualification relevant to this area of banking would be seen as an advantage.

Salary and benefits are negotiable, and will reflect the importance of the appointment and the stature of the successful candidate.

In the first instance, please contact **Ken Anderson**  
Telephone: 01-588 6644

**Anderson, Squires**  
Bank Recruitment Specialists  
85 London Wall, London EC2

**Anderson, Squires**

## CORPORATE FINANCIAL SERVICES Team Leader AVP/Vice President

Salary negotiable £25,000 - £35,000

A major bank, with an established division specialising in asset finance, UK big ticket, tax based leasing transactions, managed leasing portfolios and corporate advisory services, seeks the following:

A graduate ACA or MBA aged 30-35 years, with a lively innovative approach and high technical skills encompassing pricing, structuring, evaluation, documentation, tax etc together with a strong flair for business development.

### Young ACA - Corporate Financial Services £20,000 - £25,000 + major benefits

An important international bank seeks a highly determined entrepreneurial ACA or graduate banker with 3 years' experience covering credit mergers/acquisitions, venture capital and management buyouts. High negotiating skills and the ability to act on own initiative is essential, as the position offers an unusually high degree of autonomy.

Please telephone or send detailed CV's to Brian Gooch or Jill Backhouse, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266. Applications will be dealt with in strict confidence.

**Jonathan  
Wren**  
BANKING  
APPOINTMENTS

**Jonathan Wren**  
BANKING  
APPOINTMENTS

## TREASURY Vice-President Appointment £35,000

Responsibility will be for the policy, management, marketing and development of the Administrative, Funding, Money Market and Foreign Exchange trading activities of a well established U.S. bank in the City.

The Vice-President will be expected to devote a major proportion of time to FX trading utilising personal expertise to both expand and improve the technical skills and knowledge of the existing London dealing team.

Reporting to the Money Market Trading Manager in the United States, a further aspect of the position will be to develop and implement policies regarding the Banks' activities in the Financial Futures, Currency Futures and Options Markets.

For further details please contact Richard Meredith, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01 623 1266.

All applications will be treated in the strictest confidence.

**CJA RECRUITMENT CONSULTANTS**  
35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3575  
Telex No. 887374

A key position with scope to become Senior Analyst in 6-18 months and to become a Portfolio Manager in 4-6 years in either London, U.S.A. or Japan



LONDON

## RESEARCH ANALYST—HIGH TECHNOLOGIES

£25,000-£40,000

MAJOR INTERNATIONAL INVESTMENT BANK — OVER £3 BILLION UNDER MANAGEMENT

We invite applications from candidates, aged 28-35, with a university degree and preferably an M.B.A., who have acquired at least 4 years' practical analytical experience in the high technology field. This is likely to have been acquired either with international consultants, or in a major international electronics/high technology manufacturer, or in a stockbrokers or financial institution. The successful applicant will be responsible for specialising in commercial and financial analysis of companies in the electronics/computer/telecoms or defence industries. Contact will be at the highest level and will call for the provision of succinct advice to the internal portfolio managers. Some travel will be necessary to the U.S.A. and Japan. A deep interest in investment plus a commercially enquiring mind is important. Initial salary negotiable, £25,000-£40,000 + profit sharing + car + non-contributory pension, free life assurance, subsidised health cover, removal expenses if necessary, subsidised mortgage. Applications in strict confidence under reference RAHT4280/FT to the Managing Director.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,  
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3574. TELEX: 887374. FAX: 01-628 9216.

## Historic Buildings and Monuments Commission for England

### DIRECTOR OF ADMINISTRATION- FINANCE & PERSONNEL

The Commission, established under the National Heritage Act 1983, has over 1,100 staff and an annual budget of more than £50m. It is a non-Departmental public body receiving the bulk of its income by way of a grant-in-aid from the Secretary of State for the Environment, but with a trading income of about £2.5m pa.

The Director of Administrative Services will be responsible to the Chief Executive for the full range of financial, accounting and personnel functions within the Commission.

The post carries responsibility for the preparation of financial and manpower budgets, the annual accounts (both Companies Act accounts and the grant-in-aid account), the provision of financial/manpower management information, recruitment and the provision of office support services. The Director will be the main channel of communication with the Department of the Environment on all matters affecting the grant-in-aid and will have a particular responsibility for ensuring

that the conditions of the grant-in-aid are complied with. Candidates must have had wide experience of financial work, preferably with experience in the public sector. They must also have had experience of personnel work and industrial relations. Professional qualifications in either finance or personnel work and a knowledge of government accounting would be advantages.

Salary (under review) for this London-based post £20,450 rising to £24,405. NB: The Commission is an equal opportunity employer. Its permanent staff will not be civil servants, although it has been decided that terms and conditions of employment will be broadly similar to those in the Civil Service.

For further details and an application form (to be returned by 31 July 1984) write to Civil Service Commission, Almonk Link, Basingstoke, Hants, RG21 1JB, or telephone Basingstoke (0256) 66551 (answering service operates outside office hours). Please quote ref: G/6277.

English Heritage

## SENIOR MANAGEMENT APPOINTMENTS

up to £20,000

National Girobank is a rapidly expanding U.K. financial institution employing over 5500 staff and has established a significant presence in both the personal and corporate banking markets. The bank now wishes to make two appointments at Senior Management level to strengthen its presence in the financial markets. Both posts will be situated in London reporting to the Head of Investment.

Applications for the following are invited from suitably experienced individuals, who feel they can make a significant contribution to the bank's development.

### Leasing Manager

The successful applicant will be required to develop the bank's presence in the medium/big ticket equipment leasing markets. Responsibilities will include the management of the existing portfolio, the identification and exploitation of leasing opportunities arising from the bank's corporate clients and support of the bank's developing role as a provider of corporate finance.

### Investment Manager

The successful applicant will be required to play a substantial part in the management of the bank's portfolio of interest bearing investments. The current portfolio is concentrated in gilts and the manager will be required to develop policies for more active portfolio management and extend

London

the range of investments to improve overall returns. There will also be opportunities to contribute to the bank's developing presence in other financial markets.

Applications are invited from individuals (male/female) who have extensive knowledge of these activities and can demonstrate a successful track record. A bank qualification would be desirable but not essential, and the preferred age range is 27-35.

Starting salary will be up to £20,000 with the possibility of further progression (on the basis of performance) up to £22,000. Benefits include five and a half weeks annual leave and a contributory index linked pension scheme. Assistance with moving to within reasonable commuting distance of the City can be provided where appropriate.

Please reply in writing outlining career and salary progression and how your skills and experience match the requirements of the job to: Peter Farrer, Head of Management Development, National Girobank, 10 Milk Street, London EC2V 8JH.

NATIONAL  
Girobank

## INVESTMENT ANALYST- ASSISTANT INVESTMENT MANAGER

The National Insurance and Guarantee Corporation PLC wishes to appoint an analyst/assistant manager to work with its investment manager in the running of an international portfolio. The Corporation is a subsidiary of Heron International PLC.

Candidates should be aged about 25/30 and must have had at least three years' relevant experience, preferably in a financial institution. An attractive remuneration package will be offered to the successful candidate.

Please forward full CV to Gerald Jospe, 19 Marylebone Road, London, NW1 5JL.

**The National Insurance and  
Guarantee Corporation PLC**

19 Marylebone Road, London, NW1 5JL  
A Heron International Company

## MERCHANT BANKING AND TRADE FINANCE

JOHNSON MATTHEY BANKERS LIMITED, a British-owned International Merchant Bankers Group, have the following opportunities in their City office.

### Assistant Manager — Bills and Documentary Credits Department

Responsible to the Departmental Manager for the supervision of a department of approximately 20 staff, this is an excellent career opportunity for someone in their late twenties - early thirties with good administrative and organisational skills, together with several years supervisory experience. Candidates will have experience of all aspects of bills and documentary credits work including ECGD cover, foreign exchange, loans and deposits, ideally gained in international divisions of larger banks. An AIB qualification is essential.

### Newly Qualified Accountant — Loans and Advances Department

Liaising closely with our Account Officers, Credit, Banking and Securities Departments, this position will involve some customer contact. The role is to provide senior technical support to the Bank's Account Officers and the successful candidate will become closely involved in analysing and monitoring a wide variety of projects.

Candidates should be recently qualified ACA/ACCA in their mid-twenties with a degree, and auditing experience ideally gained in a banking or financial services environment.

It is envisaged that both positions will carry salaries well into five figures (to be reviewed in April 1985); highly competitive fringe benefits normally associated with a successful merchant banking group, and progressive career prospects.

Please write with full career details and current salary to: Graham Dunning, Assistant Manager - Personnel, Johnson Matthey Bankers Limited, 5 Lloyds Avenue, London, EC3N 3DB. Telephone 01-481 3181 Ext. 360.



JOHNSON MATTHEY BANKERS LIMITED

## INSTITUTIONAL DEALER

LONDON OFFICE

Potter Partners is seeking a Dealer to join the institutional advisory team in its London office. Potter Partners has a well established client list in the United Kingdom and Europe and the position offers excellent potential for a well motivated individual.

The successful applicant will probably be under 40 and should have several years experience of the securities industry. The position requires a working knowledge of Australian companies together with an understanding of Australian dealing procedures.

The remuneration package will be attractive and there will be longer term career development opportunities in Australia.

Replies in writing or telephone enquiries to:

POTTER PARTNERS

16 St Helens Place, London EC3A 6DB

Tel: (01) 588 4010

**POTTER  
PARTNERS**

## Investment Manager

£400 million 'In House' Pension Fund  
c. £20,000 - North of England

This is an outstanding opportunity to manage one of the country's largest pension funds. The requirement is for a highly ambitious and professional individual who will readily appreciate the significance of such an appointment within a career progression towards the highest levels of investment management.

Candidates, graduates and/or professionally qualified, must have at least five years' practical experience of managing institutional funds within a performance-orientated environment.

Remuneration is for discussion as indicated plus certain other benefits. Candidates should write, in confidence, for an application form to: The Chief Executive (Personnel), County Hall, Barnsley, South Yorkshire, quoting reference T9, or telephone Ian Thompson, Assistant County Treasurer, on Barnsley (0226) 86141, ext. 262, for an informal discussion.

South Yorkshire County Council is an Equal Opportunities Employer.

**South Yorkshire  
County Council**

## Outstanding Opportunity for Numerate Graduate

Acquisition/Diversification  
from £15,000; London

James Burrough plc, major exporters and distillers of Beefeater Gin, have established a name synonymous with quality in more than 170 countries. With a strong financial base and a declared policy on expansion, we are now planning a considerable development of operations over the next 5 years. The successful applicant will be responsible to, and work closely with, the Financial Director. He/she will be ambitious, enthusiastic, and able to think and act autonomously. Entrepreneurial ability will be a crucial factor. The brief is to refine Group criteria for expansion and diversification and to examine potential areas of interest, not necessarily related to present activities. Detailed analysis will follow, together with the development and possible operation of control systems in new ventures. Career prospects are excellent in an expanding environment.



Candidates should be aged 25 to 35 and qualified as engineers, accountants, business graduates or MBAs. The salary quoted envisages someone with at least two years' industrial, commercial or stockbroking experience, but could be adjusted in either direction as appropriate. Excellent supporting benefits include profit share, non-contributory pension scheme and relocation help where necessary. If you think you match up to our requirements and can make a substantial contribution to our progress, please write and tell us why: J.G. Sanger, Financial Director.

**James Burrough plc**

Beefeater House, Montford Place, Kennington Lane,  
London S.E.11.

## Insurance Analyst Stockbroking

North West

£ Excellent

Our client is a leading provincial stockbroking firm, based in the North West. They require an Analyst, preferably with some knowledge of the insurance industry, to join their highly successful research team. Important requirements are the ability to read and interpret balance sheets, to prepare and deliver results both verbally and in writing, to converse at Board level and to develop close relationships with clients.

Applicants may have an accountancy or actuarial background and may currently be working for an investment institution, insurance company or stockbroking firm. Career prospects within the firm are excellent.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation facilities are available and interested applicants should contact Alan Dickinson, quoting ref. 6982 on 061-228 0396 at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## INVESTMENT ANALYST —PROJECTS

A Major International Investment Institution based in the City seeks an exceptional individual as an Investment Analyst for its Portfolio of direct Investments world-wide.

The successful applicant will be in his/her mid 20's and will have relevant experience gained in Investment Research, Financial Analysis or Project Finance.

The position will involve identifying and analysing the feasibility of major Investments, and the Management of the existing Portfolio of direct Investments. It will involve an element of travel.

Remuneration will fully reflect experience and ability.

Candidates should apply, in confidence detailing experience and current salary.  
Write Max A8657, Financial Times, 10 Cannon Street, London, EC4P 4BY.

## COMPANY SECRETARY

from £15,000 + car + benefits

Our client is a UK subsidiary of a U.S. commodity company involved in Grain trading and shipping, Soyabean processing, Forex and Metal trading. Reporting to the General Manager, with liaison at Senior management level, the position carries responsibility for legal and personnel administration, including legal advice, pensions, insurance, and Secretarial duties. Prospective candidates will have a relevant professional background ideally with a legal qualification.

For further information please write enclosing full C.V., or telephone  
ALEX STEELE in strictest confidence

**Firth Ross Martin**

Financial & Professional Selection Consultants  
Wardgate House, 59a London Wall, London EC2M 5TP. Telephone 01-628 2441.

Civil Aviation Authority

Managing Economists/Accountants

Manager, Capital Finance c.£22,000

Responsible for providing comprehensive financial plans, information and control systems, regarding investment expenditure for the National Air Traffic Services, including economic appraisals.

This job calls for an exceptional, widely qualified and experienced financial manager, with drive, innovative flair and the ability to grasp complex technical problems.

Candidates are likely to have an MBA qualification and an economist/accountancy background.

Head of Evaluation & Planning c.£17,000

Responsible to the Manager, Capital Finance for co-ordinating and analysing 5 year expenditure plans and for preparing full economic and financial evaluation of all projects within those plans.

The job calls for a degree in economics or a similar numerate discipline, or a professional accounting qualification coupled with practical experience in the application of micro-economic techniques.

The Civil Aviation Authority has a turnover in excess of £200m and assets of £120m and is responsible for providing comprehensive air navigation and air traffic control services and airport aids.

The rapid growth of civil aviation demands continuous improvements in this equipment and the commissioning of leading edge technology for new generation equipment, now being designed and developed.

The Finance Directorate (Air Traffic Services) is closely involved in the investment decision-making and monitoring process, and the increasing importance of controlling and managing this strategic programme has led to the creation of these two new senior and challenging positions.

Benefits include over 4 weeks' annual leave, an interest-free annual season ticket loan and an excellent contributory pension scheme. All salaries are subject to an annual cost of living index review.

Please apply in writing enclosing current cv, stating for which post you are applying, to Miss G Somerset, Personnel Support Services, Civil Aviation Authority, Room T1219, CAA House, 45-59 Kingsway, London WC2 6TE.



ASSISTANT COMPANY SECRETARY

£15,000 Expanding merchant banks seeks qualified (or about to qualify) ACIS. Candidates should be in their mid to late 20s, and have experience of international and UK company law, insurance, and preferably the setting-up of new companies.

BANKING OPPORTUNITIES

LENDING OFFICER £ negotiable (guide £20,000+) Ambitious business getter with sound banking experience and excellent marketing aptitude.

International Pensions and Insurance Specialist

c.£16,000

West London

From their modern well equipped West London offices, my client markets and distributes the firms of Hollywood's largest studios in all parts of the world.

As part of the formation of an international personnel team, the company wishes to recruit a Pensions and Insurance Specialist who will report to the Vice-President - Personnel.

You will need a strong background in pensions administration and a significant element of international exposure would be an advantage. While pensions management is the most important part of the role, some experience of insurance administration is necessary.

To find out about the scope of this interesting career opportunity contact Richard Goldie on (0992) 552532 or write enclosing a brief CV to Macmillan Davies Personnel Consultants, The Old Vaults, Parliament Square, Hertford, Herts. SG14 1PL.



EXPORT CREDIT AND FINANCE

An exciting opportunity exists to join the fast-growing Trade and Political Risk Division of an international insurance company based in the City, acknowledge as the leader in its field.

We are looking for a "go-ahead" graduate in his or her mid-twenties able to work under pressure and on own initiative with experience in credit analysis and international loan documentation to join our Export Credit Underwriting team.

Candidates will have gained their experience with an international bank or similar financial institution and will be fluent in at least one European language.

Please write in confidence, enclosing full cv, and salary progression to: David Hesley, Personnel Manager, American International Underwriters (U.K.) Limited, 2/8 Alby Road, Croydon CR9 2LG.

Interested candidates are invited to telephone Dennis Parker on 01-626 7846 Ext. 397. If further information is required prior to formal application.



MERCHANT BANKING Corporate Finance Executives

Several of our Merchant Banking clients wish to expand and strengthen their Corporate Finance Departments. These opportunities are at different levels of seniority and applications are invited from candidates as follows:-

- 1) Executives aged between 30-35 years with several years Corporate Finance experience within Merchant Banking or Stockbroking. 2) Qualified Chartered Accountants or Solicitors, aged between 25-30 years who have had experience of Mergers, Acquisitions or tax matters.

Please telephone or write enclosing a curriculum vitae to Peter Latham, Jonathan Wren & Company Ltd., 170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266.



Manager Financial Analysis

United Dominions Trust Limited, a leading finance house and a member of the TSB Group, has a vacancy for a Manager, Financial Analysis within its Point of Sale Division at its Head Office in North London.

This senior appointment, reporting to the Controller, Financial Operations, will head a small specialist team, responsible for the development and maintenance of an effective costing/pricing structure for the Division's products and marketing proposals.

Candidates, preferably late 20's to early 30's, should have a sound track record within the finance or related industry of costing and pricing activities, coupled with a good working knowledge of main computers.

studies or a related discipline or suitably professionally qualified, e.g. ACCA or ACMA.

The starting salary will be negotiated in line with qualifications and experience. The Company operates a merit salary system with regular performance appraisal and offers competitive benefits including free pension and life assurance, mortgage subsidy and five weeks' holiday.

Please send a cv, quoting current remuneration, or write (or ring 01-440 8282 ext. 2048) for an application form to: Keith Pusey, Personnel Manager, Point of Sale Division, United Dominions Trust Limited, Endeavour House, 1 Lyonsdown Road, New Barnet, Herts. EN5 1HU.



United Dominions Trust

AUDIT ASSISTANT

Merchant Bank with a small, well-established Internal Audit Department requires an audit assistant. This is an opportunity for the person selected to further his/her banking knowledge. Auditing includes use of computer facilities.

A.I.B. or accounting qualifications; banking experience preferred. Salary negotiable, plus usual banking benefits. Age 25-35. Please send full particulars, naming any bank that you would not wish to be approached, to: P. S. THRING

Ernst Whinney, Chartered Accountants Becket House 1 Lambeth Palace Road London, SE1 7EU

Petroleum Exploration Specialists

required for the Department of Energy, Dublin. There are 4 posts, one at senior level.

The successful applicants will have a good honours degree in Geology or Geophysics and considerable experience in their field. A relevant post-graduate qualification is desirable.

The appointees will work under the Department's Senior Petroleum Advisor and will be concerned with the interpretation of Geophysical and Geological data derived from oil exploration activities in Ireland, the production of regional, basin and prospect evaluations, and advising on these evaluations. They will also monitor and control the technical aspects of exploration company activities.

Application forms and full particulars from: The Secretary, Civil Service Commission, 1 Lower Grand Canal Street, Dublin 2. Latest date for receipt of completed application forms: 2 August 1984.

Corporate Planner to £17,000 + benefits Cambridge

The company is probably the UK's best known COMPUTER PRODUCER and a major success story of the 1980's. Working at the forefront of high technology their products are world-beaters.

They seek a young accountant for a vital CORPORATE PLANNING role. The position carries total responsibility for co-ordinating planning and budgeting, complete involvement in the decision-making process, fully directing and controlling very rapid growth and reports to the Financial Controller. Accelerated promotion and salary progression can be expected.

Candidates can be RECENTLY QUALIFIED GRADUATE A.C.M.A.s or A.C.A.s, or with up to 3 years further commercial/industrial experience, probably aged 24-28, with good communication skills and the desire to succeed. Knowledge of the Electronics industry and Financial Modelling is preferred but not essential. Re-location expenses are available where appropriate.

Please telephone and send your career details to Barry C. Skates quoting ref. 6715. Mervyn Hughes Alexandre Tic (International) Ltd Management Recruitment Consultants



37 Golden Square London W1R 4AN 01-434 4091

PARTNER'S ASSISTANT

Laurie, Milbank & Co are seeking to appoint an assistant to a partner in their client's Managed Funds department. The applicant should have three or four years' stockbroking experience in domestic and international markets and should be articulate, numerate and hard-working.

The job involves regular communication with clients and requires a thorough knowledge of the administration and documentation involved. The preferred age range is 20 to 30 years.

Please write in confidence to Tim Summers:



Laurie, Milbank & Co. Portland House, 72/73 Basinghall Street, London EC2V 5DP

Cocoa Management

Two energetic professionals with several years of senior agricultural management experience are sought for appointments in Papua New Guinea.

Positions are being established with the aim of providing comprehensive management services to the plantation and smallholder sectors.

Proven abilities in administrative-accounting aspects are deemed as important as agronomic and developmental performance.

As can be expected in a position of this nature remuneration and conditions are negotiable.

Applications with full details of experience and references, will be treated in the strictest confidence and should be forwarded to:

The Manager ANGO PTY LTD PO Box 175 Rabaul, Papua, New Guinea

URGENTLY REQUIRED

A London-based International Organisation requires Assistant Portfolio Managers in their 20s with experience in the European and Far East markets.

Candidates should apply with Curriculum Vitae to: Box A6655, Financial Times 10 Cannon Street, London EC4A 4BY



The Trust Bank of Africa Limited Licensed Deposit Taker

JUNIOR F/X DEALER

The Trust Bank of Africa Limited, London Branch, is offering a challenging opportunity to a Junior F/X dealer to join an expanding dealing room.

The successful candidate will have spent between one and two years in an active trading environment.

An attractive salary and normal banking fringe benefits will be offered to the right person.

Please write in confidence with full career details to:

Mr S P Coates Operations Manager THE TRUST BANK OF AFRICA LIMITED 20 Cannon Street London EC4A 6JD

ACCOUNTANTS Careers in Banking

With limited long term career opportunities in commerce for accountants, capitalise on a career move into banking. We are retained by the leading Merchant & Investment Banks to find ambitious accountants to join them in the following areas:

- International Capital Markets. -Corporate Finance and Mergers and Acquisitions. -Investment Banking.

Age 25-30, you will be eager to develop your career away from pure accountancy towards a front line position in the banking community.

For further details please write to, or telephone



Rochester Recruitment Ltd, 21 College Hill, London EC4R 3RP Telephone: 01-548 6346

FX Dealers

The European Division of Westpac Banking Corporation, Australia's largest banking group, has vacancies in its London Office dealing room for traders in both spot and forward foreign exchange.

Applicants should be aged between 26 and 30 and have a minimum of 4 years' experience in an established and active dealing room. Please write giving full career details to:-

Arthur E. Valk, Treasurer, European Division, Westpac Banking Corporation, Walbrook House, 23 Walbrook, London EC4N 8LD.



## An Exceptional Opportunity

We are a medium sized, broadly based property group, well established and privately owned. Our activities include property development, both in the United Kingdom and in the USA; residential housebuilding; construction; and the management of several property investment portfolios in addition to our own. Our staff, which number a significantly high proportion of qualified men and women, are among the best in the industry.

# GROUP M.D.

We are looking for a mature Managing Director to head up a team of highly professional executives and to provide the leadership and management skills that will set the Group's course well into the next decade.

The person we eventually appoint will have demonstrated a successful track record in his level, general management appointments ideally, but not necessarily, in the property or a related industry. He will have evidenced strong financial skills and will be knowledgeable in such matters of corporate finance as capital structuring and acquisitions. He will have impressed us with his personality, integrity and enthusiasm. In short, he will be a widely experienced, professional manager who leads from the front, inspires respect and confidence, and whose motivation is the need to succeed.

We offer an exceptionally attractive compensation package based on a very high salary, profit sharing and top line benefits. We also offer a splendid working environment and every encouragement to make a satisfying, rewarding and long term career.

Please write in the first instance to The Chairman of the Group, 73 Brook Street, London W1Y 1YE. Your letter will be handled in the strictest confidence.\*

\*Our senior management are aware of this advertisement. However, if you wish to approach us initially through your solicitor or accountant, that will be acceptable.

†This post is open to men and women.

## Private Client manager

Rapidly expanding west country financial service group require experienced Private Client administrator. Applicants should be over 30 and presently managing discretionary and advisory UK Private Client portfolios. Based in beautiful surroundings in Bristol this vacancy provides an exciting opportunity as part of a small team. The applicant should have a substantial existing Private Client business.

A high salary, fringe benefits and superb working environment offered.

Please write in strict confidence to:

J.H. Funnell, Chairman,  
WestAvon p.l.c.,  
9 Portland Square,  
Bristol BS2 8SS.

**WESTAVON**  
PUBLIC LIMITED COMPANY

## Stockbrokers Wanted

Owing to the rapid expansion of our private client department we are seeking personnel at all levels who have some experience in stockbroking.

In particular, we would welcome a stock exchange member or person of similar calibre.

Replies in confidence to:

M. J. Cusack  
Albert E. Sharp & Co  
Members of the Stock Exchange  
Edmund House, 12 Newhall Street  
Birmingham B3 3ER  
Tel: 021-236 3801

## INVESTMENT TRUST RESEARCH A NEW VENTURE

A consortium of leading Stock Exchange Member Firms is setting up a screen-based Investment Trust Statistical System. We require a self-motivated analyst to head a small team which will be responsible for developing and running the new system.

The applicant will need to have:

- Knowledge of the Investment Trust sector
- Knowledge of computer systems
- The initiative to adapt to new developments
- The ability to select and manage a team in liaison with consortium members.

Remuneration will fully reflect the demanding responsibilities of the position.

Please apply in the first instance to:

THOMSON McINTOCK & CO.

70 FINSBURY PAVEMENT, LONDON EC2A 1SX

for the attention of Mr. Peter Hogarth

All applications will be treated in the strictest confidence.

## Investment Analyst

IMI is a major industrial company. We require an Investment Analyst to join a small Birmingham based team to assist in the management of our pension funds assets, which have a value exceeding £500m.

If you are:

- \* in your early 20's;
- \* possess a good economics degree or similar qualification;
- \* and have 1-3 years relevant experience

then please write, giving details of your qualifications, career history, age, current salary, etc. to: Mike Fagredo, Kynoch Personnel Department, IMI PLC, P.O. Box 216, Witton, Birmingham B6 7BA.

**IMI**

## Appointments Wanted

### MARKETING DIRECTOR

Asian Electrical/Mechanical Engineer 22 years UK. Qualified vet overseas experience, expertise in pumps, compressors, diesel and all types of plant and equipment, now available for assignment in UK, USA and Far East.

Please reply to Box AB673  
Financial Times  
10 Cannon Street, EC4P 4BY

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We specialise in finding new careers for senior executives, mainly from the unadvertised job market. Rapidly and confidentially. Our success related fee structure is your guarantee of a professional and effective service.

Telephone 0532 436313 (24 hours) to arrange a free preliminary meeting. Methven Career Consultants Limited, Pennine House, 6 Russell Street, Leeds LS1 5RN.

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CAREER CONSULTANTS

## U.S. GOVERNMENT BOND BROKER

Established Eurobond Broker seeks thoroughly experienced and reputable U.S. Government Bond Broker, capable of staffing and managing a brokerage desk of six to eight people in London. Superior compensation and benefits package available for the right individual.

Please reply in strict confidence to:

Box AB672, Financial Times  
10 Cannon Street, London EC4P 4BY

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73 Grosvenor Street, London W1. 01-493 8504

## International Appointments

## Sydney and Melbourne

### SENIOR DEALERS FIXED INTEREST SECURITIES

Samuel Montagu & Co. and the Dominguez Barry Group set up Dominguez Barry Samuel Montagu, a joint venture. Having experienced dramatic growth, they are now recognised as a leading investment bank.

Two new dealers to specialise in fixed interest securities are sought who should have at least two years' practical experience either as an actuary or in a dealing related activity. One will be based in Sydney and one in Melbourne. Both will have to be self starters whilst operating as part of a strong dealing team.

The remuneration package, including housing finance, will be negotiated with A\$50,000 to be taken as a minimum guideline. A highly attractive incentive remuneration scheme also applies. All relocation expenses for direct family would be provided.

The appointments are permanent and offer significant promotion prospects.

Please write with c.v. to Jon Young, Personnel Director.

**Samuel Montagu & Co. Limited,**  
114 Old Broad Street, London EC2P 2HY

## CORONET S.A.

A satellite television company based in Luxembourg has immediate openings for:

FINANCIAL ANALYST/IBM-PC PROGRAMMER

The candidate should have:

- IBM-PC programming experience
- Accounting/bookkeeping experience
- Good command of French/English/German
- Initiative and organisational skills
- Experience and references

Attractive salary

EXECUTIVE SECRETARY FOR ITS PRESIDENT

The candidate should have:

- Front office appearance
- Typing, shorthand, word processor, telex experience
- Good command of French/English/German
- Initiative and organisational skills
- Experience and references

Attractive salary

Persons interested in joining a dynamic team should apply in writing with curriculum vitae to:

CORONET SA

29 rue Montevideo, 2163 Luxembourg

Grand Duchy of Luxembourg

## MALAWI INTERNATIONAL TRANSPORT CO. LTD.

Lilongwe, Malawi,  
seeks

## CHIEF ACCOUNTANT

To be responsible for the computerised accounting and administration functions in this rapidly expanding Company. The successful applicant will be a qualified accountant with several years commercial experience, able to supervise staff and communicate ideas. Previous experience of working in Africa would be an advantage. Initial contract 2 years.

We offer:

- salary in excess of £20,000
- 25% tax free terminal bonus
- accommodation with domestic help
- motor car
- private health scheme
- air fares to and from Malawi
- 4 weeks leave per annum

Applications with CV to the UK shareholders:

P. G. Bell, Director,  
BALFOUR, WILLIAMSON & CO. LIMITED,  
Roman House, Wood Street, London EC2Y 8BP

## Saudi Arabia

Our client a major US chemical company is providing operations management for a large methanol plant based at Al Jubail, Saudi Arabia.

They now require the following key personnel to augment the accounting team.

### Senior Accountant

To control day-to-day running of accounting department. Should have sound working knowledge and experience in general, subsidiary and fixed asset ledger, inventory reconciliation, cost reporting and payroll. Qualified to degree level, aged 30+ with computer experience.

### Assistant Financial Manager

You will have a wide range of responsibility in financial accounting concepts and applications. Your experience will include budgeting, cost performance and analysis. Qualified to degree level with a minimum of eight years experience.

Both positions offer tax free salaries, one year renewable contracts on single status with excellent benefits and home leave.

For further information telephone Philip Dee on 01-549 6666 or send full c.v. to Richard Brooks and Partners, Gough House, 57 Eden Street, Kingston-upon-Thames, Surrey.

**Richard Brooks  
and Partners Ltd.**

International Management & Recruitment Consultants

## SECURITIES ANALYST

Amsterdam-based broker urgently needs securities analyst familiar with UK stocks, stock market etc. Preferably a good writer.

Salary commensurate with qualifications.

Telephone or write to:

FIRST COMMERCE SECURITIES B.V.  
Herengracht 483, 1017 BT Amsterdam  
P.O. Box 91/1000 AB Amsterdam  
Tel: (010) 20-260901 - Telex: 14507 FIRCO NL  
Attention: C. Seeder, Management

## Management Accountant

Kuwait c.£25,000 + benefits

Our client is an established Kuwaiti trading group with diverse service, manufacturing and distribution interests.

A qualified accountant is required for the role of Management Accountant to report to the Deputy General Manager - Group Finance and Information Services and to monitor and report on all aspects of management accounting on a group basis. This will entail developing a number of new reporting and control systems, making extensive use of computer facilities and developing and training subordinate staff.

Applicants, ideally aged 30 to 45 and qualified cost and management accountants, must have had practical experience of the operation and design of management accounting systems in a medium to large company with diverse interests. Prior exposure to an expatriate situation is highly desirable although a knowledge of Arabic is not essential.

This position is offered on a two year renewable contract basis with an attractive range of expatriate benefits.

In the first instance please send full career details to Douglas G Mizon quoting reference FS34M.

**E&W** Ernst & Whitney Management Consultants,  
Becket House, 1 Lambeth Palace Road, London SE1 7EU

## The Nitrogenous Fertilizers Industry S.A. (AEVAL)

is seeking a

## CONSULTANT

For a coal gasification project  
using Xylitic Type Lignites

Interested qualified Consultant Companies who have experience in synthetic fuel production technology, design, financing and construction management of synfuel projects, are invited to submit prequalification documents to:

THE NITROGENOUS FERTILIZERS INDUSTRY S.A.

Attention: Mr N. Koutsoukos,  
Managing Director,  
15 Valaoritou Str.,  
106 76 Athens, Greece

## Appointments Wanted

### OVERSEAS

German MBA, 29 years, good knowledge of English and French, 3 years practice in trade and marketing, training in international company, is looking for interesting engagement

Write Box AB674, Financial Times  
10 Cannon Street, EC4P 4BY

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# Accountancy Appointments

## Financial Controller

Co-operative Retail Services is Britain's largest retail Co-operative Society with an annual turnover approaching £1 billion, and plans for substantial future growth.

Retirement has created this outstanding career opportunity, and we are looking for a person, preferably aged between 35-45, with proven experience, and a practical understanding of computer based information systems. A professional qualification, and experience in a retail environment would also be advantageous.

The person appointed will be a key member of the senior management team based at our head office in Manchester, and will be responsible to the Chief Executive for the Society's financial and accounting functions.

A highly competitive remuneration package will reflect the senior level of this appointment.

For further details and application form, please write, in confidence, to:

The Chief Executive Officer  
Co-operative Retail Services Ltd  
29 Dantzic Street, Manchester M4 4BA.



People who care

## Assistant to Group Chief Accountant

London c.£13,000 + car & benefits

A highly successful UK public group with diverse commercial interests and with further plans for expansion offers an interesting opportunity for a qualified accountant to join the head office team.

Working closely with the Group Chief Accountant the responsibilities of this new position will be to co-ordinate and produce all management information and financial reports for the group. The role demands highly developed report writing and communication skills plus the ability to liaise effectively at all levels within a widely diversified operation. Prospects to move into a senior line role are excellent.

Candidates should be chartered accountants ideally from one of the major accounting firms. In addition to the negotiable salary, benefits include a fully expensed car, non-contributory pension and health schemes.

Please write in confidence to  
Christopher S. Bainton, Peat Marwick Mitchell & Co., Executive Selection Division, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD, quoting reference 1759/L.



## Corporate Financial Services

**A Senior Manager, dealing with public issues £20,000 plus, and a car**

**A route to partnership**

We need another senior self-starter, able to take responsibility immediately, in Corporate Financial Services. The growth which we foresee means that there are plenty of paths to partnership.

We have a steady flow of flotation and public documentation work. We anticipate more. Acquisitions, buy-outs and capital re-constructions continue. We are well respected for our corporate financial advice, which is constructive and creative.

We have a competent central team where commercial acumen, personal responsibility and an understanding of the financial and stock markets is crucial.

Successful applicants are likely to be around 30, to have had direct experience in the corporate financial services department of another leading firm of accountants, a broker, merchant bank, or similar sponsor (but, please, you must have done the work, not observed others). You must match up to a first class team.

Younger, less experienced candidates' interest in this field of work will also be considered for membership of the team.

Please apply in writing giving full career details to:  
Miss Penny Allison, Director of Personnel,  
186 City Road, London EC1V 2NU.

# ROBSON RHODES

## Financial Director

Hi-tech Venture London

c.£27,000

+car/share options

An embryonic hi-tech company combined with the commercial flair and energy of Heron Corporation is a force to be reckoned with. Already a household name, this computer retail company has created a unique selling feature in state-of-the-art products with the backing of an impressive marketing campaign. Currently operating six outlets, expansion is planned to around thirty over the next three years.

The new Finance Director will be expected to give a lead in coping with the problems of a high growth business. As a priority, the initial task is to establish sound financial control and management information systems. At the same time, the Managing Director needs creative, commercial advice at a strategic and policy making level. This key appointment is crucial to the development of the business and its long term success.

Candidates will be qualified accountants, aged around 35. They will have a demonstrable record of success in financial management, with the emphasis on the effective use of management information. Exposure to the smaller, successful marketing led or retail environment is desirable. You will need a high level of commitment, above average communication skills and the ability to integrate into a multi-disciplined team. A practical, flexible approach is essential during the early stages.

Please reply in confidence, giving concise career and personal details, quoting Ref. EY705/FT to H.F. Male, Executive Selection, Arthur Young McClelland Moores & Co., Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.



Arthur Young McClelland Moores & Co.

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

## G.P./SPECIAL SECTOR PARTNER/PARTNER DESIGNATE

FCA's 35-45 London £30,000-£65,000+Car

Our client is a highly successful medium sized firm of Chartered Accountants which enjoys a national dominance in a number of highly specialised audit/advisory market sectors.

This is an opportunity for a senior manager or existing salaried or equity General Practice Partner to gradually take over a leading role in this special sector work whilst maintaining a substantial general practice client portfolio. Partners able to bring with them their own fee portfolio should be able to command the upper end of the advertised emolument range.

Candidates (male or female) should have all round skills, especially good tax knowledge, have extrovert personalities and be able to assume partner level responsibility as soon as possible.

For more information please contact George Onnrod BA (Oxon) or Colin Mutton ACA on 01-836 9501 or write with CV to Douglas Llamblas Associates Limited at our London address quoting reference No 4616.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744.

**DOUGLAS LLAMBLAS**  
Douglas Llamblas Associates Limited  
Accountancy & Management  
Recruitment Consultants



## ACCOUNTANCY APPOINTMENTS

appear every THURSDAY  
Rate £34.50 per Single  
Column Centimetre

## International Tax Specialist

Central London

£ Negotiable

Our client is a major Accounting practice with strong, developing International connections and an excellent reputation in the taxation market. They wish to appoint a senior taxation specialist to be fully responsible for developing International tax work within the partnership.

Candidates will have had considerable experience of U.K. and International tax consultancy work and are likely to fall into one of the three following categories:

- A senior manager or partner currently in public practice working as a tax specialist with an International bias
- A senior or group manager operating in International tax within a commercial or industrial organisation.
- An independent International tax practitioner

Although a high technical standard is vital, the successful candidate must be able to show sufficient drive, strength of personality and marketing skills to be considered for partnership at an early date. Age indicator - late 20's to late 30's. The remuneration package will be negotiable, but, in line with the importance placed upon this appointment, is likely to be in excess of £30,000.

In the first instance please contact Peter Morris, Taxation Division, Michael Page Partnership, E.O. Box 143, 31 Southampton Row, London WC1B 5HY. Telephone 01-405 0442. Confidentiality is assured.



**Michael Page Partnership**  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

## TAX MANAGER (Designate)

LONDON £16/20,000

Multinational clients in the oil sector seek an imaginative and energetic individual (Accountant/Lawyer/Graduate), aged 26/30, capable of further rapid advancement into senior financial management in the UK or overseas.

Training and motivating a small staff, initially the postholder will assist the Tax Manager with regard to both corporate compliance and planning work in the context of the Company's extensive overseas operations. Liaison and advice form a large part of the role and will require the person appointed to travel overseas approximately 25% of his/her time. Promotion prospects for the successful candidate are considerable.

Some exposure to international tax planning gained in either the profession or industry is desirable, as are sound interpersonal skills and developed analytical abilities. Some facility in French would be useful.

Write or telephone Nicolas Mabin BA HONS MCI, quoting reference: LG1023 (or out of hours 0702 555432).



### Management Personnel

Recruitment Selection & Search  
67/68 New Bond Street, London W1Y 9DF  
Telephone: 01 408 1694

## Newly Qualified Accountants

London - £12 - £13K

The well known Otrex office products group has outstanding career opportunities for two qualified accountants wishing to make their first move into an exciting, demanding and rewarding commercial environment.

Corporate Headquarters (Ref. 1). An Assistant Group Accountant who will work in a small team in areas of subsidiary consolidations, monthly reporting, statutory group accounts, budgets, and development of computerised systems.

Principal Marketing Subsidiary (Ref. 2). Financial Accountant who will be responsible for day to day control of the finance function comprising 12 staff. Other duties will involve preparing monthly and annual accounts using sophisticated computer systems, budgets and forecasts, and cash management.

In seeking to attract quality candidates with high management potential, successful performance in either of these roles could lead to more senior responsibilities within the Group.

Please write fully (quoting Ref.) to:



Mr. R. W. Daniel,  
Otrex Group Plc.,  
Otrex House,  
Stephen Street,  
London, W1A 1EA.

## TAX SPECIALIST (Qualified Chartered Accountant)

To advise individuals and small/medium sized business on all aspects of taxation and accountancy practice. Experience of Inland Revenue in-depth investigations and VAT appeals an advantage. Excellent career prospects in fast growing company for an ambitious and enthusiastic person. Attractive remuneration package. Telephone: Miss Linda Baker (0206) 878576.



**Hambro Housley**  
Legal Protection Limited

# HEAD OF FINANCE

The EITB is a statutory body with responsibilities to the engineering industry (some 21,000 firms and 2 million employees) for training advice and standards. The Board's annual income is £50 million and it holds a substantial investment portfolio.

We are seeking an experienced Chartered Accountant for this senior position at Watford. He or she will report to the Board's Director and will, as Chief Finance Officer, be responsible for all financial, investment, accounting and data processing activities within the Board. Further, as a member of the Chief Officers' Committee, he or she will be expected to contribute to corporate decision making.

Candidates will need to demonstrate successful career development in financial management, preferably in a major service or not-for-profit organisation. The presentation of complex planning issues requires an articulate, decisive but tactful approach, particularly in dealing with committees representing all sides of industry. The preferred age range is 40-50 years.

In addition to a salary to be negotiated, other benefits include a car and an inflation-protected pension.

Application forms and further details are available by telephoning Mrs. Hewish on Watford (0923) 38441.

Completed applications, marked "Head of Finance" and to arrive by 10 August, should be addressed to:



**EITB**  
Engineering Industry  
Training Board

Ian Macgregor, FCA,  
Engineering Industry  
Training Board,  
P.O. Box 176,  
54 Clarendon Road,  
Watford WD1 1LB.

## WORLDWIDE TRAVEL

ACA/ACCA/ACMA neg. to £15,000 TAX FREE

Our client has c.£100m annual turnover from worldwide activities in the ENTERTAINMENT business. The vacancy involves extensive travel to the capital cities of EUROPE, AUSTRALIA, NEW ZEALAND, SOUTH AFRICA, JAPAN and several LATIN AMERICAN countries.

Within the probable age range 22-30, candidates should be enthusiastic, self-reliant and single with the ability to use diplomacy in eliciting vital information. Semi-fluency in a second language would be useful and promotion prospects after 2 years are excellent.

Please telephone and send career details to:

GEORGE D. MAXWELL, Managing Director,  
ACCOUNTANCY APPOINTMENTS EUROPE,

1-3 Mortimer Street, London W1N 7RH  
Tel: 01-637 5377 ext 231/252 or direct 01-580 7695/7739

# Accountancy Appointments

## Accountants

Northern Telecom is a leader in telecommunications technology. It is the second largest manufacturer in North America and is the largest producer of fully digital switching and transmission systems in the world. It employs over 42,000 people and its products are used in more than 90 countries.

To support the expanding U.K., European, and Middle East operations we need the following accounting personnel at Maidenhead:

**TAX ACCOUNTANT - U.K.**  
c.£16,000

This new position offers an ideal opportunity to develop one's career within a small team which is able to make a significant contribution to the success of the company.

Initially the duties will involve full responsibility for all aspects of the organisation's U.K. taxation. Specific areas of involvement will include corporate tax planning, corporate tax accounting, corporate tax compliance, as well as some personal tax planning for a number of ex-patriates.

A qualified accountant with experience of corporate tax gained in public practice, commerce or industry, you must have a creative, positive approach to problem-solving and be able to communicate effectively with all levels of internal and external personnel.

**ACCOUNTANT - EUROPE**  
c.£13,500

Reporting to the financial controller, this results-oriented role, with scope for initiative, involves sales and capital budgeting and financial appraisals across a number of offices throughout Europe.

A qualified or near-qualified accountant, ideally from a multinational, high technology background, you must be able to identify closely with business objectives. Some experience of micro-based accounting systems would be advantageous.

**ACCOUNTANT - NORTH AFRICA/ MIDDLE EAST**  
c.£15,000

Responsible for all internal and accounting control procedures within this area, you will manage financial reporting, prepare management information and during trips to the regional offices ensure that they comply with company regulations.

A qualified accountant, you must have international banking experience ideally including a knowledge of micro-based systems and financial systems.

Northern Telecom operates a comprehensive salary plan which rewards and recognises an individual contribution to the company and an extensive benefit package is provided.

If you are interested please telephone or send your C.V. to Colin Luker, Recruitment Manager, Northern Telecom, Langton House, Market Street, Maidenhead, Berks. SL6 8BE. Telephone Maidenhead (0628) 35031.

**nt** northern telecom

## ACCOUNTANT

to £16k

Harp Heating, the leading independently controlled domestic heating contractor in the UK (1/75 £20m), is looking to fill the position of Accountant.

A suitable candidate would be fully qualified with commercial experience aged 30-.

- who could control and motivate 17 staff
- be responsible for the timely production of management information, statutory accounts and ensure maintenance of accounting controls
- assist in the development of accounting systems (financial and costing)

The successful candidate will report directly to the Chief Accountant and must be able to relate to all levels of personnel outside the accounting function.

For further information and an application form contact:

Mrs Moire Crudginton  
Personnel Manager  
HARP HEATING  
47 Homesdale Road  
Bromley BR2 9LF  
Tel: 01-604 6575



East London

£20,000 + Car

## Financial Director (Designate)

Our client is a young, expanding group of transport and distribution companies which also provides an increasingly important range of computer services to the transport industry at large. It now needs a Financial Director (Designate) who will report to the Managing Director and take complete charge of the financial and secretarial aspects of the Group's management.

Aged early 30's upwards, the successful candidate will probably be qualified ACMA and have at least some familiarity with transport and distribution. Very necessary will be demonstrably successful experience of Accounts department management and the development of clear and sensitive computerised information and control systems in a fast-moving, high transaction level environment.

It will be necessary to earn acceptance in a young and talented management team, but it is expected that successful performance will bring a Board appointment in six months. There is excellent opportunity to grow with and within the group and other benefits will include non-contributory pension and private medical insurance, and an equity stake is possible. Assistance will be given with necessary relocation expenses.

Letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to Mr. C.A. Cotton, Executive Recruitment Division, Stoy MLH, 126 Baker Street, London W1M 1FB, quoting reference M641.

**STOY MLH**

Management Consultants

## ACCOUNTING OPPORTUNITIES IN THE OIL INDUSTRY

AMERADA HESS (U.K.) LIMITED is a subsidiary of Amerada Hess Corporation, the world's sixteenth largest oil company. We are a rapidly developing organisation directed by an all British management with active exploration and drilling programmes in the North Sea, a substantial income from non-operated production and expanding exploration acreage in North West Europe.

Excellent career development opportunities now exist for lively young accountants with practical experience in a large company or accounting environment. Successful candidates will have a thorough grounding in accounting. The positions are:

**OPERATIONS ACCOUNTANT (Qualified) £15,000 to £16,000**

Reporting to the Manager Financial Accounting you will initially be responsible for all financial aspects of a number of the Company's non-operated ventures. You will be expected to become fully conversant with the operations, to ensure the integrity of all related accounting and reporting, and will be required to make extensive use of personal computing facilities to maximise efficiency. In your career to date you will have spent at least two years in a large company environment and gained practical experience of complying with UK and US accounting and reporting requirements.

**GENERAL ACCOUNTANT (Qualified preferably) - £14,000 to £16,000**

Reporting to the Manager General Accounting you will be required to take charge of and develop certain aspects of the essential information prepared by this Department. To achieve this you will have had a minimum of 5 years experience in a sophisticated financial environment, and be able to control significant volumes of routine transactions whilst handling complex non-routine activities and accounting. You will of course be required to make extensive use of computing facilities.

**JUNIOR OPERATIONS ACCOUNTANT (Part Qualified) - £10,000 to £11,500**

Working in the Financial Accounting Department you will be assisting in the preparation of all aspects of the company's UK and US financial and management reporting. You will have had a minimum of two years accounting experience with a large company.

These appointments require applicants with enthusiasm, adaptability and common sense. There are good promotional prospects, including opportunities to move into more specialised areas.

Applications giving full relevant details and specifying the post you are applying for should be addressed to:

Julian Yates,  
Senior Personnel Officer,  
Amerada Hess (U.K.) Limited,  
2 Stephen Street,  
Tottenham Court Road,  
LONDON W1P 1PL.

Discover a great career with



## ACCOUNTANTS FOR MANAGEMENT CONSULTANCY

Age 32 - 40

London

to £25,000 + car

We are the rapidly expanding consultancy arm of a major international accounting firm. We seek qualified accountants with:

- a good first degree;
- sound industrial or commercial experience;
- the ability to express themselves lucidly, both orally and in writing;
- a confident and assured manner.

Please send a full career résumé including salary history and day-time telephone number, quoting ref: 2184, to M.R. Hurton.

**Touche Ross & Co.**

Hill House 1 Little New Street London EC4A 3TR Telephone: 01-353 8011

## Financial Director Designate

Distribution Staffordshire

c. £18,000 + car

A distributor of internationally branded products to the photographic trade seeks an able and experienced financial manager to play a key role in developing the business alongside the managing director.

Important tasks will include the rapid strengthening of the company's management reporting in conjunction with the upgrading of the underlying computer systems. The role will also involve considerable responsibility outside the accounting area so the position requires an accountant with a strong commercial bias as well as first-class financial management skills. For the right person, an early appointment to the board is envisaged.

If you are a qualified accountant (aged 30-40), with a record of achievement in industry or commerce, and you feel you have the qualities needed for this position, please write in confidence to Mr C. I. McBride, Executive Selection Division, Peat, Marwick, Mitchell & Co., Aire Dale House, Albion Street, Leeds LS1 5TY quoting Reference No. L/417.

**PEAT MARWICK**

## Financial Accountant

North West

c.£14,000 + Car

Our client is the £50 million t/o U.K. manufacturing division of a profitable multinational engineering group.

The Financial Accountant will be totally responsible for the management of the financial accounting function (18 staff), with specific responsibility for the implementation and development of sophisticated computer-based systems. Close liaison with the group's other subsidiaries on a world-wide basis will be required.

The successful candidate will be a young (28-35) qualified accountant (ACA/ACCA), with experience at supervisory level in both professional practice and industrial environments.

The salary package is negotiable and will not be an obstacle to the right candidate. Relocation expenses are available where appropriate and interested applicants should contact Alan Dickinson, quoting ref 6983, on 061 228 0396, at Michael Page Partnership, Faulkner House, Faulkner Street, Manchester M1 4DY.

**MP**  
Michael Page Partnership  
International Recruitment Consultants  
London New York Bristol  
Birmingham Manchester Leeds Glasgow

GUCCI of London

Require a

## FINANCIAL MANAGEMENT ACCOUNTANT

Continued expansion and proposed computerisation has resulted in the creation of this new position.

Applicants should be Qualified Accountants (A.C.A. ACCA or ACMA) aged under forty years and have a minimum of five years post-qualification experience.

The successful applicant will assume control of the preparation of monthly management accounts, budgeting and variance analysis, as well as producing financial accounts, and will report directly to the Board.

Experience of computerised systems would be an advantage.

**ATTRACTIVE SALARY AND BENEFITS**

Applications, in writing, with detailed CV, should be addressed to:-

L. L. King Esq. FCA  
2 De Waldea Court, 85 New Cavendish Street,  
London W1M 7RA

## Assistant Financial Controller CITY SOLICITORS

We are a large firm of City Solicitors seeking a Chartered Accountant to act as the Assistant to our Financial Controller. This is a new senior position and the successful applicant will deputise for the Financial Controller.

Applicants, in the age range 35-40, must have accounting and tax experience preferably gained in a Partnership environment. Computer experience is essential.

The successful applicant should be prepared to take up the appointment at an early date.

Applications with full CV should be sent in confidence to: M. H. Charteris-Black, Simmons & Simmons, 14 Dominion Street, London, EC2M 2RJ.

**SIMMONS & SIMMONS**

## PROPERTY OWNERS BUILDING SOCIETY

(Assets £250m)

seeks an ambitious

### CHARTERED ACCOUNTANT

to fill a new management accounting role

This senior position will involve the development of new systems of financial modelling and budgetary control using both off-line micro and sophisticated mainframe computer systems.

The successful candidate is likely to be 27-35 with several years' experience in a financial environment and the capacity to work creatively on his or her own initiative.

The job offers considerable opportunity for advancement at a salary of between £12,000-£14,000 and with a generous staff mortgage facility, pension scheme, private medical insurance, etc.

Applications marked "Personal" with full cv. to:  
Mr. M. J. Carter, Assistant Secretary  
PROPERTY OWNERS BUILDING SOCIETY  
4, Cavendish Place, London W1A 1EP

## YOU CANNOT BE SERIOUS, MAN!

RECRUITMENT CONSULTANT

Salary + benefits + share options

ONLY £12-15k BASIC plus the chance of £100,000+ earnings in the next 3-4 years! All for drive, total commitment, high workrate, talent, ambition and a real willingness to work a succession of 12-15 hour days.

WHAT ELSE DO I HAVE TO DO, man? "Well, John, you need tact, diplomacy, subtlety and a sense of humour."

GEEZ, I'M SUBTLE ALL RIGHT, I'M JUST OCCASIONALLY MISUNDERSTOOD BY ALL THOSE JERKS OUT THERE. "I said diplomacy."

OH YEAH, JUST A SLIP. ANYTHING ELSE I NEED? "Are you aged 22-35?"

YUP! "With a background in Accountancy? That's very important."

WELL, I CHECK MY EARNINGS HOURLY. SAY, MAN, IS YOUR OPERATION THE PITS OR ARE YOU REALLY THE GREATEST? "Well, John, I don't want to put words in your mouth but we do write creative copy."

If YOU have a PRECOCIOUS TALENT and everything else too, write and tell us, enclosing your C.V. to:-

LYNNE ATTWOOD, P.A. to Managing Director,  
ACCOUNTANCY APPOINTMENTS EUROPE,  
International Business Centre,  
1-3 Mortimer Street, London W1N 7RH

## FINANCIAL CONTROLLER

Fidelity International Management Ltd is a subsidiary of one of the largest, most successful, privately-owned investment management organisations in the world (currently managing over £15 billion).

As a direct result of our considerable growth, we are now seeking a 28-32 year old, ACA or ACCA to take control of a small team at our administration centre in Tonbridge, Kent.

Working in a heavily computerised environment, you will be responsible for the preparation of monthly management accounts to a strict schedule which will include the complex reconciliation of Trading Accounts.

You will also lead the implementation of a computerised Nominal Ledger package - a task which will enable you to demonstrate your

experience of computerised accounting procedures to the full.

If you've gained your experience in industry or commerce, this is an ideal opportunity to put your knowledge of the basics - particularly double entry - to the test. You'll find our salary and benefits package more than matches your expectations while the career development potential for the right individual is exceptional. Please write in confidence, enclosing a full C.V. to: Leslie J. Hart, International Personnel Director, Fidelity International Limited, 20 Abchurch Lane, London EC4N 7AL.



**Fidelity INTERNATIONAL**

هكذا صدقنا

# Accountancy Appointments

## Senior accounting opportunities in Computer Operations and Management Services

### South Yorkshire

Our client is the large computer operations and management services division of a British clearing bank providing a full range of sophisticated data processing and communications-related services to group companies. There are two vacancies:

#### General Accounting Manager

c.£20,000 + car + benefits (reference.F554P)

This is a new appointment involving the control, supervision and development of accounting activities within the division, including budgetary control and management reporting. In particular there will be an emphasis on the control and development of systems relating to recharging the costs of management services to users within the group. Preferred applicants will be qualified accountants, aged 30 to 40, with management accounting and costing experience gained ideally in a multi-location service organisation.

#### Management Accountant

c.£16,000 + benefits (reference.F574P)

This is a senior appointment in the accounting team, with broad responsibilities including budgeting, budgetary control, project costing and transfer pricing within the group. Preferred applicants will be qualified accountants, aged 28 to 35, with management accounting and costing experience gained ideally in a large organisation.

Please write to M J B Ping, in confidence, enclosing full personal and career details, and quoting the appropriate reference number.



Ernst & Whinney Management Consultants  
Becket House, 1 Lambeth Palace Road, London SE1 7EU

## Financial management consultancy - a challenging career move

Cardiff and Bristol based, up to £22,000 + car



As one of the largest and most diverse firms of management consultants, we work with many types of organisations in tackling a wide range of business and management problems. We are continuing to expand our Cardiff and Bristol consultancy practices and are looking for further qualified accountants who want to widen their experience and are seeking a greater challenge.

you must be ...

- aged 28 to 34
- a graduate accountant, with at least 3 years' background in industry/commerce
- able to show real achievement in your career to date.

we offer ...

- the opportunity to develop and broaden the skills essential for your future career in senior management
- a stimulating, multi-disciplinary environment
- exposure to the latest business, financial and DP techniques
- rapid career and earnings progression.

Résumés, including a daytime telephone number to A N Latham, quoting Ref. F20/16.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited  
management consultants

Nelson House Rupert Street  
Bristol BS1 2QA

## TAX PARTNER DESIGNATE

ACAs 28 - 35

To £30,000 + Car  
Central London

Our client is a successful and expanding medium sized firm of Chartered Accountants seeking to recruit a tax partner designate for its London office.

Candidates (male or female) should be able to demonstrate experience in both corporate and personal tax planning and special work at Manager level and have the personal qualities to achieve partnership within two years. Existing tax partners with or without accompanying portfolios will be considered on a negotiable basis.

Clients range from wealthy individuals, family businesses, professional partnerships and close companies up to listed groups.

We have detailed information on this challenging opportunity which can be obtained by telephoning George Omond BA (Oxon) or Gary Johnson on 01-836-9501 or write with CV to Douglas Lambias Associates at our London address quoting reference No 4622.

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
28 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DOUGLAS LAMBIAS  
Douglas Lambias Associates Limited  
Accountancy & Management  
Recruitment Consultants



## Chief Accountant

### Financial Director (Designate)

c. £18,000 + profit sharing + car + benefits.

MANDORA (UK) LTD. is a substantial soft drinks company and a wholly owned subsidiary of the very successful Mansfield Brewery PLC.

They have confirmed their place at the top end of the soft drinks league and offer their products radially, nationally and internationally. Their turnover is about £35M and they are profitable.

Based at Mansfield the Chief Accountant will report directly to the Managing Director with a functional responsibility to the Group Financial Director. He/she will be responsible for the main financial operations of the company which will include cash control and forecasting, management accounting, financial accounting and supporting the computerised management information base. Close liaison with the Group Financial Director will confirm the individual's financial

management ability and lead to his/her promotion. A strong emphasis is based on marketing and selling, stock control, materials and production management and distribution and the financial demands which result from these functions.

Candidates in the 28-35 age range are most likely to have the appropriate experience. They must be professionally qualified and show a confirmed track record at financial controller/chief accountant level, preferably with an FMCG background.

This is a career opportunity which offers a basic salary around £18,000 per annum, profit sharing, a company car and other executive benefits.

Please send your curriculum vitae, in strict confidence, to T.D.A. LUNAN at the address below or telephone 0483-574382 for a personal history form quoting reference: 407/FT. This appointment is open to both men and women.

Lunan

International

Lunan International Limited,  
172 London Road,  
Guildford, Surrey GU1 1XR.

## Financial Management

Young high-tech company c.£17,000 + car

A dynamic market leader, with high growth in Europe and the USA, looking to a USM listing within two years. A small, motivated staff and custom facilities in rural Oxfordshire, and a strategic move by the founding MD to devolve financial management responsibility to this new position.

However, authority and credibility within this essentially engineering-driven enterprise will have to be achieved. Working solo for an initial period, with a new DP system, a small staff and external advisers, you will provide and develop the accounting and management information functions. As your influence develops, strategic financial planning, treasury and tax operations, and a part in the company's

overall management will feature progressively. This is a demanding, hands-on opportunity - but with obvious rewards for hard work and commitment. Aged late 20s - early 30s, probably ACMA, you should possess relevant accounting experience in a manufacturing environment, be computer literate and demonstrate personal presence and professional potential. Electronics industry knowledge is an advantage. Starting salary is around £17,000, plus car and full relocation assistance.



Please send a full cv or telephone or write for an application form to Ivor Harland, Ref: AA78/8777/FT.

PA Personnel Services

Hyde Park House, 6th Knightsbridge, London SW1X 7LE.  
Tel: 01-235 6060 Telex: 27874

## Financial Analyst



The Nabisco Group is a food industry world leader with an annual UK turnover in excess of £400 million and a range of prestigious brands including Shredded Wheat, Walkers and Smith's Crisps, Planters Peanuts, Jacobs and Huntley and Palmer.

We are now looking for a Financial Analyst to join a small, highly skilled team at our UK headquarters in Reading, responsible for the maintenance of financial overviews of our UK operating companies, their long-term planning, budget appraisal and management reporting.

We require a young qualified Accountant who has already had exposure to the management information needs of a major commercial or industrial organisation, ideally a UK subsidiary of a US corporation, and who will respond well to a fmcc environment offering a high level of professional freedom and close liaison with senior management.

If your CV features a degree - ideally business-related - 2-3 years' post-qualification expertise, and familiarity with computerised systems and you are already earning in the region of £13,000, Nabisco can additionally offer a highly attractive remuneration package and exceptional prospects for career development.

For more information and to arrange an early discussion, please contact Steven Bedford, Personnel Department, Nabisco Group Ltd., 121 Kings Road, Reading, Berkshire RG1 3EF. Tel: Reading (0734) 583535.

## Financial director

West Midlands, up to £20,000 + car



Our client, a market leader in the field of medium engineering with a turnover in excess of £25 million, is seeking a Financial Director.

The main objectives of the position will be to formulate and implement the financial aspects of the company's strategy, to provide financial data for planning and management reporting and to develop new management information systems for all aspects of the business. Responsibilities will include the management of the finance, data processing and company secretarial functions. As a member of the Executive Management Committee he/she will play a full part in the decision making process.

The successful candidate will be a qualified accountant, aged 50-55, with proven experience of the above in manufacturing industry. A hardworking and tough approach is important, together with the ability to communicate effectively and provide fair and originality.

Résumés including a daytime telephone number to A Pacey, Executive Selection Division, Ref. R858.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited  
management consultants

43 Temple Row  
Birmingham B2 5JT

## French Speaking Accountant

CITY BASED c.£14,000 p.a.

We are a rapidly expanding European insurance/emergency services company with headquarters in Paris.

Continuing growth in the UK has created this new position for a practical part or fully qualified accountant to take over the day to day running of the finance function and to develop our accounting systems.

If you are under 40, a fluent French speaker with a knowledge of computerised accounting systems, please telephone Roger Ruette: 01-583 2255 for an informal discussion.

GESA

8/12 New Bridge Street, London EC4V 6AL

## High Flyer - Leisure

C. London

£14-16,000+ Excellent benefits

An exceptional opportunity for a newly-qualified accountant to join the finance team at the group HQ of this international organisation. The role involves high-level reporting on various business areas in rotation, together with ad hoc reporting, budgeting and cash flow planning. Candidates should be graduates looking for early promotion within a successful world leader.

Call June Woodward B.A. - Ref: 8202

## Marketing Officer - Banking City

£15-20,000

As a member of a high calibre team you will be involved in marketing the services of this extremely successful international bank, dealing with syndicated loans to European ventures. The successful candidate will have previous experience in a relevant banking function and probably be aged 25-32.

Call Ian Gascoigne M.A. - Ref: 8146

## Controller Under 28

to £20,000

This world leader in the new technologies is currently seeking to appoint a young graduate ACMA to the management team of one of its fastest growing export-lead businesses in the southern Home Counties. Emphasis will be placed upon the development of commercial and financial policy. The previous incumbent has moved into a general management role.

Call Bill Curteis B.A. - Ref: 8226

## Management Accountant Market Intelligence

to £15,000

This international consumer products company is developing management information systems for product development, planning and intelligence sources. It offers a broad career path to the newly qualified ACMA/ACCA who will initially use experience gained in financial modelling and systems development and utilize the latest computer software.

Call Penny Strawson B.A. - Ref: 8181

Personnel Resources

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# Accountancy Appointments

## P.A. to TAX PARTNER

(Prospects to Partnership)

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£15,000 - £20,000 West London

Our client is a medium sized firm of chartered accountants which has identified the need to recruit a P.A. to one of the Tax Partners to handle rapid growth in tax consultancy work and to provide continuity in some of the firm's special sector tax work where it is an acknowledged field leader.

Candidates should ideally have trained in a small to medium sized practice and have at least three years mixed corporate and personal tax experience in a medium or large practice, post qualification. Experience of the following would be particularly welcomed:

- Corporate Tax, Partnership Tax, Senior Executive Remuneration including Planning, D.T.R., Residence and Domicile, C.T.T. (Planning), V.A.T., New business start up advice, and tax practice development.

For more information please contact George Ozard B.A. (Oxon) or Colin Mutton A.C.A. on 01-836 9501 or write with your C.V. to Douglas Lambias Associates Limited at our London address quoting reference number 4624

410 Strand, London WC2R 0NS. Tel: 01-836 9501  
26 West Nile Street, Glasgow G1 2PF. Tel: 041-226 3101  
3 Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

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LAMBIA**  
Douglas Lambias Associates Limited  
Accountancy & Management  
Recruitment Consultants



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Rapid growth and planned expansion have further enhanced the worldwide network and extensive financial services provided by this major International Bank. This has led to the opening of a new, wholly owned UK subsidiary in the City which has recently commenced operating in the London capital markets.

In the newly created role of Finance Manager, you will report directly to the Associate Director Administration and Accounts and be responsible for the accurate and timely preparation of financial and management information. In particular you will advise upon and implement computerised systems establishing precise checking procedures in the overall financial control of the company's business.

### Finance Manager

Aged late 20's to mid 30's, you are ideally a qualified accountant with relevant experience gained in an international financial environment. You are totally flexible in your approach and enjoy supervising and motivating a small team. Future prospects for promotion are excellent in view of the company's exciting plans for further expansion and development.

A salary of c.£20,000 is envisaged with attractive banking benefits. For further information please ring or preferably write in confidence to: Carmina Leon of Cripps, Sears & Associates Limited, (Personnel Management Consultants), 88-89 High Holborn, London WC1V 6LH. Telephone 01-404 5701.

**Cripps, Sears**

## Audit Services

Up to £16,000 plus valuable benefits

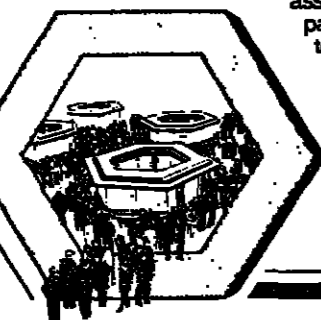
The Stock Exchange depends on highly sophisticated information systems. It has one of the most advanced and effective commercial DP and communication networks in the City, which is being expanded rapidly to accommodate additional UK and international services for the financial community. Known changes will radically alter the structure of The Stock Exchange, together with its Trading Systems, and will utilise the most advanced technology.

Audit Services is responsible for the independent appraisal of the full range of Stock Exchange activities on both operations and new systems development. Assignments cover ad hoc investigations to improve business efficiency, management control and reviews of systems under development. Experience of these will be invaluable to future career development, either in management or audit.

To join this team you need to be a qualified Accountant ideally in your late 20's with solid experience of management controls and exposure to the audit of computerised systems under development. Often assuming a "consultancy" role, you must be able to understand and appraise complex systems and operations and recommend workable improvements.

Attractive benefits include 25 days annual holiday, non-contributory pension and life assurance schemes, BUPA for you and your family, fully-paid season ticket, subsidised lunches and commitment to training for personal and career development.

Please telephone Jennifer Gregson for further information or write to her at The Stock Exchange, Old Broad Street, London EC2N 1HP, (01-588 2355 ext. 8683) with full career details.



**The Stock Exchange**

## Financial Controller

Key finance and business management role  
Neg. c. £20,000 + bonus and car : North West

The company employing 150, part of a major diversified international Group, manufactures and sells high added value chemicals to manufacturing chemists world-wide. Local management autonomy is high, turnover and profit growth record very impressive, and plans to achieve even better business performance exciting.

This is the senior finance appointment in the company. Reporting to the Managing Director accountability will be for all financial and management accounting - and you will be expected to play a full role in the business as a key member of the top management team.

Aged 28 to 40 and a qualified accountant you will be a seasoned finance professional with a proven record of performance improvement in manufacturing companies with turnovers of around £15 million.

Salary indicator £20,000 but could be higher for the exceptional candidate. Executive car, bonus, good pension, BUPA, and generous help with relocation.

Please write - in confidence - to John Hodgson ref. B.18295.

This appointment is open to men and women.

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MANAGEMENT SELECTION

## Head of Internal Audit

Up to £25,000+ car Southern England

Our client is a major Group with a worldwide turnover of c.£650m, engaged in the manufacture and distribution of speciality products. It is itself part of a large U.K. based international organisation and is seeking to appoint a Head of Internal Audit reporting directly to the Group Finance Director.

The Internal Audit Department is already well established in the area of financial controls but further development is required in the auditing of management controls and of increasingly complex computer systems. To manage this department effectively, you will need to have had considerable experience of handling audit procedures in a large multi-national commercial organisation either as a senior member of an internal audit

function or at senior management level in the profession. You will possess the maturity, drive and professional standing to ensure that the department has a valued impact in a large organisation. You must be prepared to travel up to 40% of the time, mainly within the U.K. and Europe but occasionally to Africa and the Far East.

A salary of up to £25,000 will be offered together with a wide range of benefits commensurate with a position of this importance. Please apply in the first instance, to

Ian Lovatt, enclosing your cv, to  
MOXON DOLPHIN & KERBY LTD,  
178-202 Great Portland Street, London W1N 5TB.  
Please state in a covering letter any companies to whom you do not wish your application forwarded. Ref. IL/FT/4157.

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## APPOINTMENTS

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## FINANCIAL CONTROLLER

c.£17,500 PLUS CAR

Following an internal promotion, the B. Elliott UK Merchandising Division has a vacancy for a Financial Controller.

The successful applicant will report directly to the Divisional Chairman with an indirect reporting relationship to the Group Senior Financial Executive as well as other Divisional Executives.

The job is a line position and the incumbent is expected to assist the Divisional Chairman and his executives in the general management of the Division by providing advice to maximise and improve the profitability of a Division which has been profitable throughout the recession and to ensure compliance with the guidelines laid down at both Group and Divisional level.

To meet the requirements of the job, we need a qualified Accountant, preferably Chartered, probably aged between 28 and 40, with good commercial experience. Line experience, a good knowledge of computers, a clear and concise reporting ability and the personality to deal with all levels of management are the most important qualities sought.

The position is a senior one and for this an initial salary package of around £17,500, depending upon the individual selected, a company car, private medical insurance scheme and a generous non-contributory pension scheme are offered.

Candidates seeking to progress in financial management or a move into general management will therefore be well placed to achieve this, after a suitable period of making their mark, either by an executive management role in one of the operating companies of the Division or in one of the growth areas of the Group.

Applicants should send curriculum vitae to:

Mr. D.M. Ruscoe at B. Elliott, plc

167 Imperial Drive, Harrow, Middlesex HA2 7JP, quoting reference PS/2

## TROUBLESHOOTING ROLE

An excellent opportunity for a young, Chartered Accountant preparing to develop a career outside the profession. This U.S. multinational offers a progressive financial role within a small, professional team responsible for the statutory and fiscal accounts of operating subsidiaries throughout Europe. You will be directly involved in systems and tax reviews, international tax planning and monitoring developments affecting European operations. This highly visible position offers considerable exposure to senior management, rapid promotion prospects plus overseas travel

C. LONDON. Ref: JG c.£13,000

## EUROPEAN OPPORTUNITY

Our client is a major U.S. multinational incorporating several 'household name' subsidiaries. Exceptional expansion together with rapid management progression has resulted in a number of career opportunities at all levels in this European audit department. Based in Brussels, the successful candidates will receive generous expatriate tax concessions and work in a wide variety of European locations. Prospects are excellent for a move into a line role based anywhere in Europe (including U.K.). Candidates should be qualified accountants under 35, with a command of at least one European language and a readiness for extensive travel.

BRUSSELS. Ref: GR c.£19,000-£24,000

**ROBERT HALF**  
FINANCIAL RECRUITMENT SPECIALISTS  
ROMAN HOUSE, WOOD STREET, LONDON, EC2Y 5BA. 01-638 5191.

## RECENTLY QUALIFIED ACCOUNTANT

From £14,500 upwards City

A well established and expanding Lloyds Broker, recently acquired by a major bank, seek to appoint a recently qualified accountant as their Assistant Chief Accountant.

They will report to the Group Chief Accountant and supervise the production of monthly management accounts, budgets, forecasts, year ends, tax returns, Lloyds and company returns.

In addition to being qualified, applicants must have either audited Lloyds Brokers whilst in the Profession, or have already worked for a Lloyds Broker.

This is an excellent career opportunity as it is envisaged that the successful candidate will progress to a more senior position within 12-18 months.

Please send curriculum vitae in confidence to:

Antony Dunlop Ltd.  
Accountancy Recruitment Consultants  
International Business Centre  
29 Glasshouse Smeer  
London W1R 5PA. Tel: 01-734 6080  
Telex 296146/7 RECENT G.  
Piccadilly



## Financial Analyst

c.£17,500 + car

International Financial Planning & Analysis

An exceptionally interesting opportunity has arisen within the financial department of the international headquarters of General Electric Information Services Company (USA)\* based in Kingston.

GEISCO, the Information Services Division of General Electric Company (USA), one of the world's largest companies, has developed into the largest supplier of international business systems and operates the most powerful and efficient teleprocessing network commercially available in the world today.

With operations in 24 countries around the world, the process of financial consolidation, analysis, and planning is highly complex, requiring a sophisticated team of financial experts. An opening has arisen for an analyst to join the organisation, taking responsibility for on-line collection and analysis of financial results and forecasts, budget preparation and financial management reporting.

Candidates, male or female, should have ACA or equivalent, followed by 2/3 years of financial analysis experience gained within a large international company, preferably American, for familiarity with U.S. accounting techniques. Also required is a degree of keyboard literacy which will give the individual freedom of operation on-line. Preferred age 27-33.

Please send written applications giving concise but relevant career details to the consultant advising on the appointment, John Stirling, Ref. 8413/JS, AK Selection, 20 Soho Square, London W1A 1DS.  
\*Not connected with the General Electric Company PLC of England.

**Austin Knight Selection**

## EUROPEAN TROUBLESHOOTER

SWINDON

neg. to £20,000 plus CAR

Our client, a top U.S. MULTI-NATIONAL with EUROPEAN TURNOVER c.£400m and expanding very fast, seeks a capable young QUALIFIED ACCOUNTANT, either ACA/CA/ACCA/MBA, or equiv., aged 27-33 with a further language capability in FRENCH, GERMAN, ITALIAN or SPANISH.

There is fairly high travel content THROUGHOUT EUROPE on individual assignments lasting 2-4 weeks and the successful candidate will be strongly self-reliant, energetic and highly competent both work-wise and in interpersonal relationships.

Previous commercial experience is preferred and an ideal background would be in management information systems within a multi-national environment.

A TWO WEEK INDUCTION period will initially be spent at Corporate H.Q. in the U.S.A. and there will be regular subsequent trips for debriefing, reviews and conferences.

Promotion prospects are EXCELLENT as the appointee will have VERY HIGH VISIBILITY to senior management. Interviews, probably near HEATHROW, will be conducted on July 20th-21st and FRONT RUNNERS may be seen beforehand by the company's adviser.

Please telephone and send career details to:-

GEORGE D. MAXWELL, Managing Director,  
ACCOUNTANCY APPOINTMENTS EUROPE

1-3 Mortimer Street, London W1N 7RH  
Tel: 01-637 5277 ext 281/282 or direct 01-580 7695/7739



مركز ابحاث

# Accountancy Appointments

## Accountants for Industry

West Yorkshire £11-14,000+car

Our client, a major and diverse public group of manufacturing companies based in West Yorkshire, requires two accountants to strengthen its expanding financial and management control function.

### Corporate Review c.£14,000+car

Reporting to the Financial Director, this position will be responsible for the development of financial and operational planning around the group together with the review of subsidiaries' internal systems and controls. The successful candidate, aged 37-38, must be a qualified accountant with a proven and successful track record of planning and budgeting, preferably in a group situation. He/she will need the flair and confidence to deal with all levels of management and must have excellent oral and written communications skills.

### Accountant c.£11,000

This appointment provides an opportunity for a move into industry for a recently qualified Chartered Accountant who has had a broad professional experience to date. The position involves the collation and consolidation of group information to strict reporting deadlines. The candidate will also be required to undertake finance related ad hoc exercises within the group.

Both positions have an attractive benefits package and re-location expenses would be considered for the right candidates. For further information and an application form please write to:

Alan Dickinson,  
Executive Selection Division,  
Price Waterhouse,  
York House, York Street,  
Manchester M2 4WS.



## Director of Finance

Applications are invited for the post of Director of Finance. The vacancy arises from the appointment of the present holder to a post outside the Electricity Supply Industry.

The Central Electricity Generating Board is one of the largest integrated electricity generation and transmission authorities in Western Europe. Currently its gross revenues are over £7,000 million annually, and its annual capital expenditure in the region of £800 million.

The Director of Finance is responsible for the full range of financial and accounting activities which are normal for an organisation of this size, but in addition carries responsibility for commercial activities, and for advising on the formulation of the Bulk Supply Tariff.

He/she has a key role as financial adviser to the Board, who will look to him/her to develop financial policies which assist the Board's operational strategy, having regard to the economic climate in which the Board operates. Experience of finance management in a very large organisation, and the ability to demonstrate mature judgement on financial issues, are essential requirements.

Applicants are likely to be at least 40 years of age with professional and academic qualifications. Initial salary for this appointment will not be less than £30,000 per annum, together with the usual benefits pertaining to an appointment at this level.

Applications, quoting ref. 129/84/FT and giving full details of experience, qualifications and present salary, should reach the Deputy Chairman, C.E.G.B., Sudbury House, 15 Newgate Street, London, EC1A 7AU not later than 30 July 1984.

## CENTRAL ELECTRICITY GENERATING BOARD



## AUDIT MANAGEMENT

### Fast Moving Financial Services Environment c. £20 - 25,000 + Car and Benefits

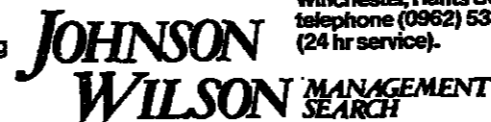
Our client is a leading financial services company with an outstanding record of profitable and on-going growth and is based in the Thames Valley area.

The Audit function fulfils a key role in the development of organisational systems and controls, and they are now seeking to strengthen the department by the appointment of a Chief Internal Auditor and an Audit Manager.

The requirement is for individuals of the highest calibre, preferably ACA's, who have a strongly pro-active and constructive approach to audit. Candidates are likely to be in their 30's and already holding

a senior audit role in a company respected for its sophisticated approach to the function. These positions represent exceptional opportunities to join a company which has a remarkable track record and equally ambitious plans for the future. The only constraint on further career development is likely to be the ability of the individual. To find out more about these roles please contact us.

Candidates of either sex should apply, in confidence, quoting ref. 518/FT to: Johnson Wilson - Management Search, Clarendon House, 33 Hyde Street, Winchester, Hants SO23 7DX or telephone (0962) 53319 (24 hr service).



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## Company Notices

### NOTICE OF REDEMPTION KINGDOM OF DENMARK

Bondholders are hereby informed that the annual redemption instalment of the FF 5,000,000 redemption instalment of the FF 500,000,000 8 1/2% 1972-1987 FLUX 800,000,000 bonds has been drawn by lot in the presence of a notary public and is payable on August 14, 1984, at which time all the bonds attached hereto are to be redeemed at par, with coupon attached at that date.

Further information is recalled that the following bonds drawn in previous years have not been presented for payment: 4942; 5160-5164; 5271-5288; 5318-5319; 5376-5385; 5771-5784; 5878-5885.

The nominal amount of bonds outstanding on and after August 14, 1984 will be 340,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG Luxembourg, July 12, 1984.

### TEOLLISTAMERAFASTO OY

Industrialization Fund of Finland Ltd. US\$25,000,000 8 1/2% Bonds 1977 (81-87) Notice is hereby given that pursuant to the terms and conditions the redemption instalment of US\$5,750,000 as per 18 September 1984 will be withdrawn from the sinking fund. Therefore, a drawing by lot of bonds will not be effected this year.

The outstanding amount after redemption as per 18 September 1984 will be US\$19,250,000. INDUSTRIALIZATION FUND OF FINLAND LTD Helsinki, July 1984

### CAISSE CENTRALE DE COOPERATION ECONOMIQUE

LOAN OF US\$50,000,000 REPAYABLE BY 1986 Unconditionally Guaranteed by the French State. We inform Bondholders that the US\$5,000,000 instalment due for amortisation on August 9, 1984, has been met by a draw by lot in the presence of a notary public in Luxembourg. The amount of the instalment of US\$5,000,000 will be repaid at par, with coupon attached at that date on August 9, 1984. The outstanding amount after payment of interest will take place at the following banks:

US\$46,670,000 Fiscal Agent CREDIT COMMERCIAL LUXEMBOURG

### R.L.T. EUROPEAN PROPERTIES NO. IX B.V.

LOAN OF FF 50,000,000 REPAYABLE BY 1985. Bondholders are hereby informed that the FF 5,000,000 redemption instalment of the FF 500,000,000 8 1/2% 1981-1985 bonds has been met by a drawing of bonds drawn by lot, each of a nominal value of FF 500,000. The 13 to 22 are redeemable at par, with coupon attached at that date on August 15, 1984, at which time all the bonds attached at that date are to be redeemed at par, with coupon attached at that date.

Further information is recalled that the following bonds drawn in previous years have not been presented for payment: 14942; 15160-15164; 15271-15288; 15318-15319; 15376-15385; 15771-15784; 15878-15885.

The nominal amount of bonds outstanding on and after August 14, 1984 will be 340,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG Luxembourg, July 12, 1984.

### WORLDINVEST INCOME FUND

DIVIDEND ANNOUNCEMENT. The Trustees of the Worldinvest Income Fund are pleased to announce a US dollar dividend of 28¢ per share payable on August 15, 1984, to shareholders of record as of the close of business on August 1, 1984. The dividend will be payable to shareholders who have not previously received a dividend payment. If you have not received a dividend payment, please contact your broker or the Fund Administrator, Bank of America NT & SA, 100 North Street, New York, NY 10038, for further information.

### PUBLIC NOTICES

INVESTIGATION BY THE MONOPOLIES COMMISSION. PROPOSED ACQUISITION OF BOOKER BROS. LTD. BY THE DEE CORPORATION PLC. On 21 June 1983 the Secretary of State for Trade and Industry referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Trade Act 1973 the proposed acquisition of Booker Bros. Ltd. by the Dee Corporation PLC. The Commission is required to make their report to 25 December 1984. Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to: the Secretary, Monopolies and Mergers Commission, 20 Carr Street, London EC4A 3DF.

## PLANNING ANALYST US Market Leader

Thames Valley to £15,000

A positive commercial approach is demanded of Planning Analysts in this successful household-name company. It offers bright, ambitious young accountants the opportunity to be financially and operationally involved in their own business area.

These roles are the first step on the career ladder and should lead to general management. They include:

- \* Provision of financial advice to senior management
- \* Ad hoc projects and investigations
- \* Financial Control of a Business Area

To succeed in this environment candidates aged 25-28, must have presence, determination and self-motivation, with the ability to accept a high level of autonomy and responsibility.

To apply, please call Jane Woodward, BA

### Personnel Resources

75 GRAYS INN ROAD, WC1X 8US 01-242 6321

## REGIONAL TREASURY MANAGER

Credit Management neg. c.£15,000 plus benefits

Our SWINDON based client has current annual turnover in excess of \$1,000 million and expects a 40% increase in the current year!

Due to promotion of the present jobholder, we require a DYNAMIC young man or woman aged 27-38 to run a KEY DEPARTMENT embracing the credit control function, cash forecasting, day to day bank account control and close liaison with the EUROPEAN TREASURY FUNCTION.

Approximately 70% of the job is CREDIT MANAGEMENT and the successful applicant should have substantial relevant experience including balance sheet analysis. A background in ACCOUNTANCY would help and time spent with a FINANCIAL INSTITUTION would be distinctly advantageous.

However, there is a premium on STRONG INTERPERSONAL SKILLS above all.

Please telephone and send career details to:-

LYNNE ATTWOOD, P.A. to the Managing Director,  
ACCOUNTANCY APPOINTMENTS EUROPE  
1-3 Mortimer Street, London W1N 7RH  
Tel: 01-637 5277 ext. 281/282 or direct 01-580 7695/7739

## MANAGER INTERNAL AUDIT - EUROPE

Herts/Essex border To £20,000 + car

Our client, a very successful international group which manufactures and markets business equipment and supplies, achieved a worldwide turnover of £1.2bn in 1983.

Based in the UK Company but reporting to the Director Corporate Internal Audit in the US he/she will be responsible for managing an effective audit function that reviews and evaluates financial, operational and management control systems throughout the European subsidiaries and branches. Assisted by three staff (two qualified) the work will also involve special reviews of sensitive areas, proposed acquisitions and recommendations for improved efficiency and profitability.

Candidates should be Chartered Accountants, aged 35, with experience of a large international professional firm at managerial level, or equivalent business experience. About 30% travel to the Continent and the US will be necessary. Success in this key position will lead to further promotion within this expanding group.

Applications under Ref RC218 to: Miss Marlon Williams,  
Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB.  
Tel: 01-353 5272

## Extel Recruitment Executive Selection Consultants

## Finance Director up to £35,000

Our client is a British owned international PLC, with HQ in central London and several overseas subsidiaries.

Candidates must be Chartered Accountants with comprehensive commercial experience covering all main board financial and secretarial functions in a substantial quoted company.

Leslie Coulthard Associates

St. Alphege House, Fore Street, London Wall, London EC2Y 5DA.

## ACCT. MANAGER

This well-known company, involved in the provision of finance for export, requires a highly motivated individual to assume control of non-performing accounts mainly in Latin America. Reporting directly to an Executive Director, a high level of administrative competence is required in all aspects of debt collection, which will entail legal and banking knowledge and exposure to ECGD or ECU policies. The ability to communicate in Spanish would be an advantage, and candidates should be free to travel overseas.

## INTERNATIONAL FINANCE

Respected U.S. merchant bank seeks a Senior Assistant to the Director to join a team developing and marketing financial services in the Far East. A knowledge of loan syndications, bond issues, private placements, money market, commercial paper and agency appointments is preferred. Candidates should be graduates, possibly with an accounting or legal qualification and will have had a minimum of three years relevant experience in investment/merchant banking, marketing a broad and comprehensive range of products.

PLEASE CONTACT PATRICK FREEMAN



## EDP AUDITOR U.S. BASED POSITION

\$30,000+

Uniroyal Inc., a major U.S. multinational, seeks a high-calibre EDP Auditor to conduct comprehensive review of company-wide data processing installations. This challenging position is based in our head office in rural Connecticut (NYC 80 miles) and involves approximately 45% travel worldwide.

Ideal candidate should possess substantial hands-on IBM mainframe experience, knowledge of Cobol, and a formal accounting background (preferably ACCA, ACA or equivalent).

Benefits include health insurance, visa and relocation assistance.

Please submit c.v. including salary history to:  
EDP AUDIT  
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Nottingham: 0602 584561, Gothic House, Barber Gate, NG1 1JU  
Manchester: 061-238 0689, Salford Building, Piccadilly, 2nd Floor, 100, Market Street  
Newcastle: 0632 418864, 156-174 Sandyford Rd., Jesmond, NE2 1JG  
Glasgow: 041-332 1502, 141 West Nile St., G1 2RN.

## Art Galleries

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# THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

## Marketing in the Middle East

### If everyone buys it, it's the right brand

EUROPEAN companies trying to break into the markets of the Arabian Peninsula have often found their plans thwarted by their failure to understand Arabian tastes and culture.

A book that will bring Westerners closer to bridging the culture gap in the management and marketing world is "The Merchants: The Big Business Families of Arabia," by Michael Field, just published by John Murray.

"The Merchants" is composed mainly of the stories of nine famous families—Alreza, Alghanim, Jafar, Sultan (of W. J. Towell),

Algasabi, Ahmed Hamad Algasabi, Darwish, Kanoo and Olayan. But several chapters deal specifically with business subjects, including marketing, management and the relationship between rulers and merchants in Arabian society.

The marketing chapter—The Arabian Consumer—from which the material below is taken, discusses the characteristics of the consumer durable market in Saudi Arabia and the Gulf States, and the effectiveness (or ineffectiveness) of advertising and special promotions in reaching this market.

"THE question of values is fundamental to all marketing operations. It takes much preparation properly to identify local needs and to figure out how to appeal to basic motivations, and while you can influence and direct values you cannot do so abruptly. If you try you can fall flat on your face."

Kutayba Yusuf Alghanim, General Motors agent, Kuwait.

Summing up the character of his market the average Arabian agent would describe it as: multiracial, very conservative with strong brand loyalties and uneducated in the way it treats machinery. His problem then is how best to promote his product in this society.

Yusuf Ahmed Alghanim and Sons (YAAS)... the biggest merchant enterprise in Kuwait and one of the top half dozen in the Arabian peninsula (its turnover between 1978-82 was \$200-300m annually)... has put more effort into applying modern marketing to Arabian society than any other company in the region.

A dominant theme of Alghanim market research has been the differences in buying habits between Kuwaitis and the various categories of immigrants—other Arabs, Indians and Westerners, which is illustrated by a mistake made in the late 1970s.

Several years ago the staff of one of YAAS' divisions, mostly non-Kuwaiti Arabs freshly graduated from the U.S., seriously over-estimated demand when they began selling dishwashers. The product was well within the purchasing power of the average Kuwaiti, and as an electronic labour-saving gadget it seemed that it would be just right for the Kuwaiti mentality. But the dishwashers did not sell.

Europeans bought them but the Kuwaitis themselves did not. They do not use Western-style dishes; instead they cook much of their food in a large pot and eat it by hand from a big dish, neither of which fitted into dishwashers. Meanwhile, the small tea and coffee cups used in the Arab world would not stack properly or fell through the gaps between the racks. The final mistake was in forgetting that any Kuwaiti wife who is sophisticated enough to be interested in dishwashers is rich enough to have servants to wash dishes for her.

Yet Kuwait is the biggest export market in the world for Philips video cassette recorders which, in Western societies are still regarded as an unusual luxury. The explanation of their popularity lies in the boredom of many Kuwaiti women who spend much of their days watching TV, and in the domestic nature of Arabian social life with its emphasis on providing entertainment for the family in the home rather than in the cinema or restaurants.

Westerners who are working in the Gulf for just two years are buying goods knowing that they will be abandoning them when they leave, while the much poorer Arab and Indian immigrants are buying all the consumer electronics they can take with them... This enormous increase in the overall size of the market.

Most of the other outstanding characteristics of the Arabian market revolve around its lack of sophistication. In Kuwait marketers have noticed that people have no definite motives for buying things. Simply for a Kuwaiti to hear that a product is new, Western and high technology is often enough

to make him buy it. This lack of discrimination on the part of the customer makes life difficult for the salesman who wants to explain that his new line has technical advantages over the competition.

Arabians are extremely brand conscious. This comes from the habit of personalising things; they like to give a proper name to any modern product used in everyday life, rather than to try to think of it in general terms. The name gives the product a stronger identity; it even bestows affection on it. Most of the manufacturers who have been lucky enough to have their brand name adopted as the name of a product are those who arrived in the Arabian peninsula early in the 1950s and 1960s and who had products that were relatively simple to maintain... the fact that other people are all buying the same brand only serves to endorse it as being the right brand in the eyes of most Arabians. Helped by this extreme brand loyalty various manufacturers in the 1980s were able to win market shares in Arabia which would be practically impossible in Europe or America.

Advertising in newspapers and on billboards and television is much less effective than in the Western world. Managers in the Alghanim company have said that people do not notice advertisements; the consumer society is too new for them to have learned to respond to what they see on TV commercials and billboards. It seems they do not connect what they are told in ads with possessions they think they might need. The problem is made worse by the laughably bad quality of most advertisements produced

in Arabia. Imported campaigns from Europe and America are often so out of tune with Arabian culture that they are ridiculed or ignored totally.

Alghanim wrote an article for Management Review in August 1978: "Let's say you develop an ad campaign for a line of automobiles. You show a beautiful woman in a long white gown standing in front of a Southern type mansion. Now that might represent an American dream and do what advertising is supposed to do: appeal to basic motivations in terms of desires and aspirations. But would it work in Kuwait? I don't think so—for the simple reason that while Kuwaitis might like the woman, they would not find the house particularly appealing."



Yusuf Ahmed Alghanim: his company has put more effort into applying modern marketing to Arabian society than any other in the region

is much more news conveyed by word of mouth than read in newspapers. One of the Alghanim campaigns gave car buyers a year's free car insurance and another, the "Buy and Fly" campaign, gave air tickets to desirable holiday centres. The bigger the car the further the buyer was flown. Earlier, there was an "every customer a salesman campaign" in which buyers were given two coupons worth 50 dinars (\$180) each and promised that if they introduced one or two new buyers the company would exchange one or both of the coupons for cash.

More successful still was a promotion in which every buyer was given a number. At the end of each week six numbers—one for the sales of each day—were drawn from a box and those whose numbers came up got their cars free. From the moment the campaign was announced it made an impact. Within a matter of hours 81 Chevrolets were sold.

Every Thursday the company would assemble the week's buyers for the draw and because the occasion had at least as much natural drama as any TV lottery or sales programme, the television and newspapers would send teams to cover the event—thus giving YAAS huge additional publicity.

\* ISBN 0-7195-4104-2. £16. A further extract from the book will appear later.

## Ad Agency profitability

### A yardstick emerges

BY FEONA MCEWAN

IF ADVERTISING is currently causing a stir in accounting circles—with the lifting of professional restrictions in October sending many firms scurrying for an agency—one accountancy firm has now fired a salvo likely to cause a frisson round the world.

In a newly published report on agency profitability, Spicer and Pegler compares notes on the financial performance of the country's top 50 agencies (ranked by "billing" or turnover, according to the annual Campaign table) in what is thought to be the most comprehensive industry review of its kind.

"As far as I'm aware this is the first survey in the UK that gives this degree of information and makes judgments on profitability and efficiency identifying individual agencies by name," says partner and report instigator Bob Willott.

While comparative exercises in the mercenary world of advertising must be treated with caution, the report (which is based on "a meaningful sample of accounts" from Companies House), makes revealing and essential reading for anyone concerned with the business of advertising.

It is well known that agencies are notoriously inconsistent in calculating their billings—due to a combination of varying methodology, different year ends, and at times a touch of the blarney. The yawning gaps between many of the agency billings in the annual tables compiled by Campaign (based on agencies' own calculations) and MEAL (Media Expenditure Analysis, which directly monitors some media, but not all) has been cause for concern and not a little mirth within industry circles for years now.

Reasons for the report? Willott says: "One had heard banded around yardsticks of profitability, for instance the IPA (Institute of Practitioners in Advertising) suggests an agency level of profitability at 3 per cent of turnover, but I didn't think many achieved this and thought I'd find out. I thought it was about time agencies had specific information to measure their performance against rather than hypothetical speculation."

Four of the most striking

THE TOP TEN		Pre-tax Profit per Employee	
Turnover per Employee	£		£
1	Wight Collins Rutherford Scott	1	Wight Collins Rutherford Scott
2	Connell May & Stevenson	2	Geers Cross
3	Reeves Robertsonshaw Needham	3	Garratt Boulcombe Ass.
4	Lintas	4	Ogilvy & Mather
5	Geers Cross	5	Abbott Mead Vickers SWS
6	Colman BSCG & Associates	6	Boase Massimi Pollitt
7	Leo Burnett	7	Va'n Pollen
8	Michael Robinson Ass.	8	Footo Cone and Bolding
9	Boase Massimi Pollitt	9	Ted Bates
10	Ogilvy & Mather	10	Satchi & Satchi

factors to emerge from the survey are: the urgent need to standardise measurements of turnover; the significant contribution that cash management makes to individual agency profitability compared to the provision of advertising services; the strength of the UK's biggest agency Satchi and Satchi in managing to yield a "highly creditable" \$3.75 profit per employee in spite of its size; and that the highest paid individual in six of the agencies earned over £100,000 during the year examined (end-March 1983 to end-April 1983).

Peter Marsh, chairman of Allen Brady Marsh was top earner with £189,000, followed in the "highest paid director table" by Geers Cross (£164,000), Ogilvy and Mather (£148,000), Satchi and Satchi (£131,000), Connell May and Stevenson (£107,000) and Wasey Campbell-Ewald (before its merger with Lowe Howard Spink, £105,000). This is in spite of Connell being the second least profitable agency in the rankings and Wasey incurring a loss.

On the issue of total directors' emoluments, D'Arcy Macanus and Masius is "far and away the winner" with £1.5m above McCann at £945,000. Doyle Dane Bernbach at £752,000 and Boase Massimi Pollitt at £712,000. Satchi and Geers Cross are quite low down the league reflecting perhaps, says the report, the greater scrutiny and publicity of the public company.

Agencies that are publicly quoted are among the most profitable in the industry in both levels of profits and profit margins. There is a strong relationship between

the top 10 profit earners and agencies with the highest margins. Of the top 10 only four have an operating margin of less than 3 per cent whereas the majority operate on less than 1.5 per cent which underlines the strength of the most profitable agencies.

Wight Collins Rutherford Scott is conspicuous, says the report, by its dominance of the productivity league with profitability per person a third higher than the next ranked shop, Geers Cross. It also heads the turnover per person table. Curiously, Connell May and Stevenson at number two here, falls in profits per person ranking to number 30. Geers Cross features strongly (second place) in profit rankings per employee and fifth in turnover per employee.

Of the three largest employers, (Satchi and Loxee with over 1,000 staff and JWT at 982) only Satchi is not well down the individual productivity tables, being ranked 30th by turnover per person and 10th by profits per person.

Earned interest accounted for over a quarter of pre-tax profits for six agencies in the sample. For the top three interest earners, the cash management skills, says the report, proved more lucrative than their advertising skills. These were Lintas, TBWA, and Benton and Bowles. Finally, Spicer and Pegler invites agencies to supply feedback to supplement the published data and help develop the format of future surveys.

\*Advertising Agencies' Profitability: A Comparative Study is available from Spicer and Pegler, St Mary Axe House, 55-60 St Mary Axe, London EC3, price £45.

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THE ARTS

Leeds Castle/David Piper

A glimpse of the medieval mobile home

The re-equipment of medieval castles with appropriate furnishings is always a tricky business. Families can, of course, if they retain their ancestral fortresses, gradually remodel them through the changing tastes of successive generations rather than entirely rebuild. They could even, after subduing the military image into peaceful and more comfortable domesticity, employ Robert Adams or Wyattville to recastellate, especially after Walter Scott had popularised the middle ages. But to recreate an authentic interior ambience for any day before the establishment of the Tudor dynasty early in the 16th century, is extremely difficult. Quite simply, because surviving furniture of the period is very rare.



The Queen's bedroom, Leeds Castle

The task was entrusted to the distinguished historian of medieval furniture, Dr Penelope Eames, in collaboration with Peter Wilson, known generally as the revolutionary architect of modern Sotheby's rather than its altruistic dedication to the cause of Leeds Castle. Sadly, his death came just before the finished project was unveiled. Eames, working from contemporary records, documentary and visual, distilled the blue-print, and from it, aided by Peter Wilson's wide-ranging knowledge and sharp insight for line tuning, and the expert collaboration of specialist manufacturers ranging from London to Lyon to Florence, reconstructed Les Chambres de la Reine as they would have been about the mid-15th century.

over the platform on which the bed stands in ordered folds. Above it the tester, and its pendant curtains drawn back. At the bedside, a high stool, similarly draped. A couch of much smaller dimensions but with an elaborate conical canopy with the same damask is also provided. The walls are hung with damask again, but this time of green warp with gold weft. The damasks were woven to order, all patterned with Henry's and Catherine's initials in gold. The ensemble reflects very closely an interior illustrated in a French 15th century manuscript that features, aptly, Catherine's mother, Isabel Queen of France, amongst her courtiers.

Standing ovations for glorious 'Gloriana'

The triumph of the English National's ten days at the Met was Gloriana, greeted with standing ovations and with cheers for Sarah Walker in the title role. Colin Graham's production and Alice Stevens's conducting were very good in the large house. The three New York performances (preceded by two in San Antonio and one in New Orleans) were the stage premiere of the opera in this country. In 1955 Krips conducted a concert performance in Cincinnati, with an arresting cast: Inge Borkh as Elizabeth, John Alexander as Essex, Theodore Uppman (the first Budd) as Raleigh, and Penelope Rich, and Donald Gram as the Ballad Singer.

Blom) of dazzling orchestration, as remarkable as Berlioz's, and beautifully constructed numbers. Britten's works loom large in the American repertoire. The only other temporary opera done looking for the Met's centenary season were Peter Grimes and Billy Budd. Death in Venice has been playing in Toronto. Paul Bunyan has just been staged in St. Louis. Curlew never reappeared in New York this season. The ENO's Turn of the Screw—performed in San Antonio but not, alas, in New York—was highly praised.

ask him to call you a cab. Long double cadenzas seem inappropriate on the Lower Eastside. The words (especially when Arthur Davies took over the Duet—Duet—from Dennis O'Neill) were pretty clear. I was even flattered to hear several lines of my old translation replacing those of the James Fenton version that was billed.

Andrew Porter on English National Opera in New York

The ENO brought to this country a kind of opera not known here: the work of a large, permanent ensemble company playing music-drama in the language of the audience. (The City Opera's Street Scene, last done in 1979, was the nearest I've seen.) It brought few of "stars" known in America—no Janet Baker, Josephine Barston (who was otherwise engaged in an apparently disastrous San Francisco Fledermaus), Rosalind Plowright, or Thomas Allen—apart from Miss Walker (something of a cult figure after her San Francisco Octavia), Anne Howard (a Santa Fé favorite, who sang Hélène in the ENO's War and

Rigoletto, set in New York, in a Mafia-controlled Little Italy. (The Sons of Italy objections to "racial slurs" and "stereotypes" had died down before the show opened.) The transposition of setting and time is less harmful than in most examples of this fad, and often quite ingenious and amusing, but it diminishes the drama (the sense of responsibility in public office, a recurrent Verdi theme, is lost) and transports it into more of a never-never land than 16th-century Mantua. If you're in a New York bar and it comes on to rain, you don't say "I'll have to spend the night here" and tell the owner to sleep in an outhouse; you

paper that matters: the local Times critic pronounces, and there are no voices from an FT, Telegraph, Guardian, and three Sundays to provide alternative, contradictory, perhaps confirmatory opinions. The bony women—hopeless task, almost—by Harriet Walter and Kathryn Pogson; and the devious galants, Gayman and Bellmour, by Alan Rickman and Denis Lawson.

Aphra Behn partially restored

Aphra Behn (1640-89) is known as the first English woman to earn her living by writing, a fact that recommended her once to Virginia Woolf and now to the newly launched Women's Playhouse Trust at the Royal Court. That she wrote weak parts for women and strong ones for men is, perhaps, nice irony in Jules Wright's revival of The Lucky Chance, first performed in 1688. Ten years earlier Mrs Behn had written her most renowned play, The Rover, which by happy accident is also revived in London, in a production by Peter Stevenson, at the Upstream Theatre opposite the Young Vic.

scenes to the accompaniment of Purcellian arias which the composer Hans Szelez bristly contrasts with jazzy melodious resolutions in the recorded soprano voice (not dissimilar to Cleo Laine's). This is fine, though the production reveals a slight insecurity in its jokey introduction of the characters and in too much bad upstage blocking throughout.

Michael Coveney reviews the first English woman playwright

Seeing both plays is not to encounter a restoration writer in the class of Dryden, Congreve or even Elphège. The psychological texture of the writing is thin. The wit tenuous, the polish faded. But there is a muscular satiric purpose behind the formulated attacks on arranged marriages, on the absurdity of old aldermen chasing after blooming girls, on the suppression of aspiration and high spirits in penny and squallid suburbia.

The Women's Playhouse deserves to succeed, but more impetus must be found than in the determination of a group of women to run their own West End theatre. You do not carry from The Lucky Chance the same sense of creative urgency attendant on the launch of, say, Joint Stock or, to a lesser extent, the Black Theatre Cooperative. Running a theatre is a much less important business than knowing what it is exactly you want to present in it, and why.



A scene from 'The Lucky Chance' at the Royal Court

The Fridge/Almeida

Those who have observed an imaginative child acting out a story and taking every part with her mother, L settles for the companionship of a glove-puppet rat with blond hair, a striped vest and pink ballet shoes. The Paris Quotidien went a bodgie on this show.

Orwell Memorial Prize for 1984

The third award of £2,000 has been made by the George Orwell Memorial Fund to a young playwright, Chris Meade who is 27 and lives in Sheffield. In addition to freelance journalism and writing, he recently made debut at Edinburgh with his play We Two Boys.

Arts Guide

WEST GERMANY
Hanover, Kestner Museum, Trammplatz 3: Egyptian art from 4,000 BC to 1,000 AD is documented by 200 sculptures, objects and photographs. Ends Aug 5.
Bielefeld, Kunstmuseum: 50 Potsdamer Strasse: The last West German venue of a Max Beckmann retrospective with 300 oil paintings, drawings, watercolours and graphics by the outstanding German expressionist. Ends July 29.
Frankfurt, Städt. 63 Schaumannstr.: Ulrich Rückriem, a contemporary German sculptor, is exhibiting eight stone sculptures from the last two years most never shown before. Ends Aug 18.
Berlin, Nationalgalerie, 50 Potsdamer Strasse: Leon Polk Smith, the U.S. hard-edge artist, shows 30 collages from between 1960 and 1983. Ends July 22.
Bonn, Rheinisches Landesmuseum, 14 Colmanstrasse: This is the last venue of a touring exhibition with 80 paintings by 15 "new savages". The works shown stem from the last three years. Ends July 15.
Essen, Folkwang Museum, 41 Goethestrasse 41: The touring exhibition has 80 pastels from between 1974 and 1984, by Francesco Clemente, the Italian painter. Ends Aug 12.
ITALY
Rome: Museo Pignatelli "The First Inhabitants of Europe", an exhibition from the musée de l'Homme in Paris tracing the history of modern Eu-

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.
has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.
VIENNA
The Cliche and the reality of Viennese women in their fight for emancipation at the turn of the century. Hermsvilla, Lainzer Tiergarten. Until March 1985.
Nineteenth Century Czech Art: A handsome selection of highlights from the National Gallery of Prague shows a confident and vigorous people in portraits and prosperous street scenes. There are also excellent landscapes and cool refreshing still lifes. As the exhibits approach the turn of the century there are hints of impressionism and a surge of Art Nouveau with two glorious Mucha posters. Two powerful Kupkas from this century are bonus. Austrian Gallery, Schloss Belvedere, Ends July 15.
INNSBRUCK
"The Tyrolean Nation 1790-1829": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.
PARIS
Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie mu-

coloured skies of his native Normandy and adopted Brittany. Closed Sundays and from 12.30 to 2 p.m. Ends July 20.
NEW YORK
Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.
WASHINGTON
Mark Rothko (National Gallery): 88 works on paper by a leading contemporary American artist begin a national tour with this group in the East Building. The highlights are vivid watercolours from 1968 and 1969, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys that anticipated his suicide in 1970. Ends August 5.
CHICAGO
Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased at the end of the show. Ends Aug 8.

Art galleries / Edinburgh

As the elegant grey contours of Scotland's capital prepare for the International Festival (August 12-September 1) it may be easy to forget that Edinburgh is a thriving arts centre throughout the year. Apart from the effervescent Richard Demarco (who seems to have been running a one-man crusade for Scottish painters for 20 years), new galleries are opening (two from London) to offer a wide selection of work. They comprise such differing schools as the Scottish and traditional and the highly contemporary and adventurous. Edinburgh is also outward-looking. The Fruitmarket Gallery currently has some contemporary French artists, reviewed in these columns in February.

Richard Demarco at present has to show in the College of Art (plumbing problems at Jeffrey Street). He is much taken with the Scottish Arts Council sacking his grant ("I have consistently supported the avant-garde in Scotland, and made it sell"). Before and during the Festival he will be concentrating on such striking artists as Ian Hamilton Finlay, James Howie and others. He will be holding a mini-festival of his own - Calman's cartoons and a two-week conference to be addressed by such luminaries as Dr Jonathan Miller, Sir Hugh Casson and Sir Ian Hunter.

# FINANCIAL TIMES

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Thursday July 12 1984

## The country is watching

**THE MANIFESTO** on which Mrs Thatcher's Conservative Party was first elected in 1979 contained the following passage: "Between 1974 and 1976, Labour enacted a 'militants' charter' of trade union legislation. It cited the balance of power in bargaining throughout industry away from responsible management and towards unions, and sometimes towards unofficial groups of workers acting in defiance of their official union leadership." The Tory Government promised to redress that balance.

Up to the current miners' strike, it was gradually being successful. Two Employment Acts were designed to limit union power and though recession must have played a role, the unions are less of a force in the land than they were in the 1970s. Not least, the bulk of the electorate seems to expect the Government to take a strong line towards them: acknowledging freedom, but strictly freedom under the law.

The miners, however, have always been a special case. Mrs Thatcher unexpectedly gave way to them when they threatened to rebel against it in 1981. It seemed that the real battle was being reserved for her second term and so it has turned out.

**Side effects**

The appointment of Mr Ian MacGregor as head of the National Coal Board was itself a signal of the Government's intentions. It wishes to modernise and make a real business of an industry that has been run for too long under the comfortable collusion of management and trade union bosses, with the taxpayers footing the bill.

In the circumstances, a strike at some stage was predictable. It is now in its 17th week and the miners have been joined by the dockers. The side effects are beginning to mount. The strikes may not be the main reason for the weakness of the pound and the rise in interest rates, but they are certainly a contributory factor. Yet the Government has no alternative other than to sit it out.

The real question is whether it is going about it in the right way. There has been some genuine bewilderment in recent weeks as to why a Government which was elected to change

the law relating to the trades and has not made use of legislation which it has itself introduced. At times it seems deliberately to have discouraged other nationalised industries from taking action against the National Union of Mineworkers because of secondary picketing. That the law is being breached there can be no doubt, yet the Government allows it to be doubted. There now appears to have been a change: if anyone wants to take the NUM to the courts, the Government will not stand in the way, although it is still sceptical whether the law will produce the desired results. Any such action would have to be carefully considered in advance, but the time has come when the law should be tested. It is odd, to say the least, for the working miners of Nottinghamshire to use the courts to defend their interests, while British Steel, for example, holds back.

## How to reform social security

**THE BRITISH** social security system is expensive, inefficient, and in urgent need of reform. Regrettably, although there is nothing new or contentious in that statement a veritable army of ideas for change and improvement have been marching on over the years and marched off into exile just as quickly.

The Institute for Fiscal Studies, increasingly the fount of the sort of radical ideas on income and taxation which ought to be emanating from the Treasury, has come up with a comprehensive and comprehensible scheme which begins by altering the fundamental concept of what benefits are supposed to be and to whom they are supposed to be paid. It provides an admirable starting point for serious discussion about changing the system.

The IFS has abandoned the idea of universal benefits. It argues convincingly that benefits should decline as income rises, eventually reaching a point at which they are no longer payable. By applying this principle to all benefits, including child benefit and pensions, the system would be simplified, benefits payments would be more accurately directed to the very poor who really need them and £10bn a year could be redistributed into the bargain. This money, suggests the IFS, could be used to cut all taxpayers' basic rate of tax to 25 per cent and still leave plenty to enhance the level of benefits for those in real need. Not least among the spin-offs would be the removal of the shameful absurdity under which some poor people have marginal tax rates of more than 100 per cent on extra earnings at a very low level.

**Means test**

The primary objection to scrapping universal benefits and grading payments according to need is always that it involves means-testing recipients. The stigma attached to means tests arose in the dark years between the wars and remains to this day, with the result that means-tested benefits have a very low take-up rate while universal benefits have a very high take-up rate.

The IFS plans to get out of this difficulty to a large extent with a new and ingenious idea: a separate tax credit and

**Prerequisites**

Something has clearly got to change. There is no merit in the present social security network involving 30,000 civil servants shuffling £50bn around inefficiently with many people getting the wrong benefits at the wrong time. It is time-consuming, wasteful and unfair. There are two prerequisites, apart from a genuine desire for change, which are necessary before any real improvement can be made. One is that the taxation system and benefits system must be fully computerised: the inland Revenue and DESS systems need to be fully compatible before integration of taxation and benefits will be possible.

The second is that equal attention must be given to simultaneous improvement of the personal taxation system and the IFS has not yet explained the implications on its benefits changes of its other proposals for changing the tax base and moving from income to expenditure taxes. The report usefully recognises that national insurance is nothing of the sort; as it is no more than a tax in disguise, it should be replaced with a social security tax applicable to all taxable income.

We shall know we are well on the way to real solutions if and when the Government hives off social security from the overburdened DESS, puts benefits into the inland Revenue basket of responsibilities and makes a senior Treasury minister responsible for all taxation and benefits. In the meantime, some government contribution to the debate in response to the stimulating and imaginative IFS report would be welcome.

**THIS** is the day when the "Godfather" steps down in favour of the "philosopher" prince of the Schillerhoehle heights above Stuttgart.

That may seem an exotic way to describe a change of chief executive at an electricals and vehicle components concern. But then Robert Bosch is no ordinary company; Dr Hans Lutz Merkle who has ruled Bosch with implacable wit for 21 years has been a quite extraordinary boss; and his successor, Dr Marcus Bierich, is by general consent one of the most broadly talented managers in West Germany.

Dr Merkle likes to say that he has been just "primus inter pares" on the Bosch managing board—the "Godfather" nickname, used both in and outside the company, gets closer to the heart of the matter. A tall, gaunt figure now aged 71, Dr Merkle has been a power to an almost uncomfortable degree. The more softly he speaks, and generally he speaks very softly indeed (like that most influential of German bankers Hermann Josef Abs) the more those present crane their necks to listen.

Dr Merkle, son of a printing works owner in south Germany, has not just built up Bosch into a worldwide group with annual sales of more than DM 14bn and a labour force of around 110,000. He has also influenced policy far beyond his company; through his membership of the supervisory boards of key enterprises like Deutsche Bank, Allianz insurance and Volkswagen, and as adviser to government leaders including Helmut Schmidt.

It is that link between an autocratic industrialist and the political centre-left looks on the face of it a bit odd, it helps to underline that Bosch is a company with a highly unusual character and history. It was founded in 1886 by a young manager named Robert Bosch who later became known as "red Bosch" among irritated entrepreneurs. Among other things, Bosch readily employed leftist refugees from the failed Russian revolution of 1905; he brought in the eight-hour working day in 1906; emphasised that his motto was "pay your workers as well as you can"

**More than 90% of Bosch shares are in the hands of a charitable foundation**

and turned over most of the remaining—profit to charity.

That does not imply that Bosch was "a softie"—otherwise his company could never have expanded so strongly with a stream of successful products, from spark plugs and injection pumps to power tools and, from the 1930s, household appliances. But he did have a high ideal of social responsibility and this lives on in the ownership structure, and less definably in its atmosphere, to this day.

Bosch is a limited liability

**Minster money rolls in**

An unprecedented public response to the York Minister appeal in the couple of days since the fire means that not only will the £1m target for restoration be reached, but there is likely to be a surplus. That will go for further work on the Minister.

Yesterday, a cheque for £500,000 as part payout was handed to Dr Ronald Jasper, Dean of York, by Bernard Deane of the Ecclesiastical Insurance Office.

This is the biggest claim the company which insures the Minister has ever started to meet and Deane said his company's risks were spread around the world "a truly international settlement," he added.

"Gentlemen in Norway, Japan, Switzerland, Denmark and elsewhere will be putting their hands in their pockets to pay for this," he said.

But most moving to the Minister's clergy and staff has been the response of people in the York district. They have gone up to Canon Ralph Mayland and thrust money in his hands. One man, who didn't even want to give his name, handed Mayland £200 in notes.

Meanwhile other donations are flooding in to the offices of the Yorkshire Evening Press, the Westminster Press-owned newspaper which has set up the Minister Fire Appeal.

As York Civic Trust donated £1,000, John Shannon, its chairman, suggested that 1984 could be an appropriate date for the completion of renovation work. And tourists and worshippers won't have to wait. Temporary cover means that they can be back inside the building.

Dr Jasper, who is retiring shortly, is heartened by the response of institutions and the public after the fire. The Minister has survived three fires in the past 150 years — in 1829 Jonathan Martin tried to burn it down, and in 1840 there was a conflagration thought to have been started by a candle left by a workman.

Since those days there has been the York Minister Police—the world's smallest police force—which stays in the building 24 hours a day.

**Men and Matters**

**Lesson for Ken**

Ken Livingstone, the people's champion at County Hall, London, seems to be succumbing to the amnesia of the establishment even if he has not fallen for duchess's kisses as Ramsay MacDonald did 60 years ago.

The GLC's Labour leader attended yesterday's lunch for the Press programme. This was addressed by Prince Philip and attended by the Lords Bume and Wilson and many others including those two embattled peers, the Lords Whitelaw and Denham and Sir Robert Armstrong, the Cabinet Secretary.

By a happy chance Livingstone was seated at the same table as Metropolitan Police Commissioner Sir Kenneth Newman and they could be seen shaking hands over the table, old sparring partners if not exactly warm allies.

Livingstone was on his chirpiest form looking forward to challenging the government in four local by-elections in London in late September.

After the lunch Livingstone could have learned a lot about what happens to old politicians by watching those two rivals of 20 years ago, Lord Home and Lord Wilson standing on the pavement outside the Hyde Park Hotel trying to get a taxi.

Off they went into a sunny London afternoon thinking no doubt of how much better the world would be, if only...

**Arthur arrives**

Who are the world's best-known people? There are 100 new ones according to Europa Publications' new edition of the International Who's Who.

They include Arthur Scargill and Joan Collins. Other newcomers to this guide to the world-famous are Murats and



Dr Marcus Bierich: successor who is broadly talented

## BOSCH Management switch

# A godfather makes way for the philosopher

Jonathan Carr reports from Frankfurt

balance sheet structure. The figures for 1983 show group equity capital up to 34 per cent of the balance sheet total, an unusually high level for German companies, against 30 per cent four years ago. Over the same period, the share of liquid assets has risen from 24 per cent to 27 per cent, while that of inventories has dropped from 23 per cent to 18 per cent.

More important still, Bosch has been diversifying strongly under Dr Merkle, into fast-growing high technology

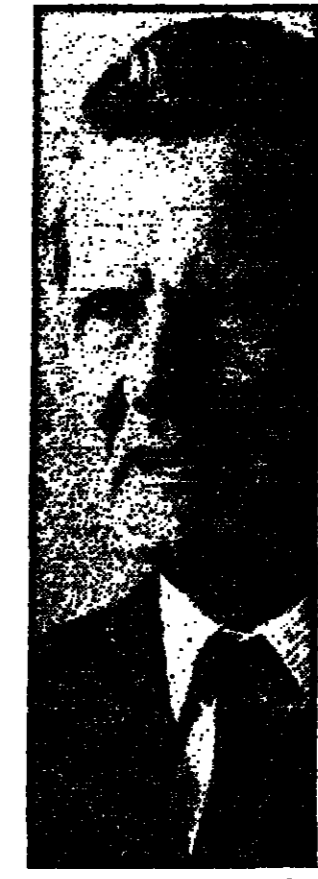
**Under Dr Merkle, the company has been diversifying strongly into fast-growing high technology sectors.**

Even 20 years ago Bosch was already building semi-conductor devices for use in its vehicle equipment divisions. Now it is applying its microelectronics know-how in a lot of new fields including communications and production technology and energy-saving. A special boost came in the last few years when Bosch scooped up some of the high-technology plums of the sorely-tried AEG—Telefunken concern, current, effective chief executive, Heinz Dürr, was proposed

for the job by none other than Dr Merkle.

Among other things, Bosch obtained a large minority stake in AEG's former telecommunication subsidiary ANT Nachrichtentechnik (1983 sales DM 853m), and a controlling influence in the communication and information concern Telefonbau und Normalzeit (sales DM 1.8bn).

True, the ANT Nachrichtentechnik (ANT) deal may prove to have a sting in the tail. AEG was originally forced to



Dr Hans Merkle: stepping down after 21 years

sell 49 per cent of ATN in 1981 to raise cash to balance mounting losses. Bosch, together with the Mannesmann engineering concern an Allianz insurance, bought the share for close to DM 300m with the option to take over the remaining 51 per cent stake should AEG have to declare itself insolvent later.

When AEG was forced to seek court protection from its creditors in 1982, the three companies thus acquired the rest of ATN for an extra sum which was little more than they paid

for the initial 49 per cent.

Since then, there has been a loss struggle between AEG, which is demanding far more money, and the buyers. The matter is now before arbitration. But even if Bosch finally has to pay more it will surely consider the deal to have been worthwhile. ATN included some of AEG's highest technology in areas like satellite communication, microwave transmission and digital multiplex and transmission equipment.

The upshot is that while Bosch remains Europe's biggest producer of automotive equipment, this sector now makes up little more than one-half of its overall sales compared with a share of more than two-thirds in the 1960s. It would be wrong to say Bosch is moving away from vehicle equipment and into high technology since, as Dr Merkle sternly noted the other day, "a car too is a high-technology product." But Bosch is steadily becoming less dependent on the vehicle sector with its big fluctuations in demand.

**There are personality differences between the present chief executive and his successor**

Communications technology now has the second largest share of sales, followed by consumer products and capital goods (including a lively packaging machinery sector, which has just started manufacturing in Japan and will shortly do so in the U.S. too). Group spending on research and development will total almost DM 1bn this year, roughly triple the level of a decade ago.

It goes almost without saying that Dr Merkle's shoes will be hard to fill. On the one hand, the new chief executive needs the financial and industrial expertise to consolidate what Dr Merkle has built—and the ability to think well ahead. On the other hand, Dr Merkle will

keep his place in the body which has shareholders voting rights and will also become head of the (so far fairly dormant) supervisory board.

There is thus already whispering that "The Godfather" will still be running the show from behind the scenes.

However, it is likely that if anyone has the talents and flexibility needed for the job then it is the man who is taking it on—Dr Bierich, aged 58, until now the finance chief of Allianz Versicherung. The sceptics say Dr Merkle chose his successor on the grounds that he was "malleable." The truth is probably rather that Dr Merkle saw in Dr Bierich, whom he had known for years, a man with qualities as great as his own—although there are clear personality differences too.

Born in Hamburg, the son of a university professor, Marcus Bierich might well have gone into academic life himself. He studied natural sciences and philosophy (gaining a special love for the work of Bertrand Russell), then obtained his doctorate with a dissertation on mathematics. Instead of academia he plumped for banking (in London, New York and Berlin); then for industry as finance chief of the Mannesmann engineering concern and finally (since 1980) for Allianz insurance. Everywhere he was a success while staying just one rung below the top of the ladder.

Dr Bierich's nickname, "the philosopher prince," does not only refer to that early study period. He speaks slowly, likes understatement and produces financial statistics out of his head better than the next man—but prefers to talk of wider social questions like the role of capital and labour and co-determination in industry. Above all, he has the ability to win over not only employees but potential rivals. "I can think of no manager I admire more," said one former colleague recently of Bierich. "He never pushes and he seems almost to treat his career as though it were a hobby. But the results are really top class." Ever under two extremely tough bosses, Dr Wolfgang Schieren of Allianz and Dr Egon Overbeck of Mannesmann, Dr Bierich managed to avoid friction—while ratcheting more power and making

himself almost indispensable. Dr Schieren is certainly sorry to be seeing his right-hand man go.

The "Bierich touch" could well bring as easier atmosphere within Bosch. No one could fairly deny Dr Merkle's achievements and no doubt those critics who have talked of "management by fear" were oversteering the mark. But a little less tension at the top might still improve the performance of a model company which today gets only its fourth boss in its nearly 100-year history.

**AT THE TOP**

Things are changing shape at the top end of Moorgate

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ECONOMIC VIEWPOINT

A one-nation tax system

By Samuel Brittan

LIKE MOST other developed countries, Britain has two tax systems. One is administered by the Inland Revenue, the other by the Department of Health and Social Security (DHSS). It was originally supposed that the poor who received social security paid no income tax, and that the two systems could be kept separate. But as the tax threshold has fallen and the prevailing idea of the poverty line has risen, millions of people have become enmeshed in both systems.

A representative couple with two children and a gross income of £100 a week receives £13 in child benefit and nearly £14 in housing benefits. They also pay nearly £14 income tax and £5 in National Insurance contributions. Thus after all these offsetting transactions the family is only £4 better off.

These complex two-way payments are only part of the problem. One third of National Insurance beneficiaries (and about half the unemployed) depend on supplementary benefits—which were formerly known as National Assistance—to bring their income up to the official poverty level. Even so only 65 per cent of those pensioners entitled to supplement-

The zig-zag path is no way to run a railroad

ary benefits actually ask for it. For the family income supplement the take-up ratio is still less than 50 per cent.

Many families are subject to means tests: the automatic PAYE test, and the withdrawal of benefits as incomes rise by means of about 45 different tests. Not surprisingly there are unintended consequences. The marginal tax rates of over 100 per cent for some families with children—known as the "poverty trap"—Other people would be better off on benefit than at work—the unemployment trap.

The precise number in or near these traps is acutely controversial. But one poverty trap which should not be controversial arises from the separation of income tax from National

Insurance contributions. When income reaches the National Insurance floor at £23.5 per week, a 9 per cent contribution becomes payable not merely on the excess but on the person's entire income, thus leading to a marginal rate of many hundred per cent. The marginal rate then settles down again at 9 per cent until the tax starting point is reached when it rises to 39 per cent. It stays at that level until the National Insurance ceiling is reached, when it drops to 30 per cent, is the normal basic rate of income tax. It remains there until the higher rate bands are reached and it then starts to rise again.

This zig-zag path is surely no way to run a railroad, and even if no other reform is made in the area, there is no excuse for failing to amalgamate income tax and National Insurance contributions. The link between tax and benefit can always be emphasised by calling say 9 percentage points of the united system supplementary tax. The label would be no more nor less fictitious than the present National Insurance contribution which bears no actual relation to benefit and simply finances current benefits on a pay-as-you-go basis.

The present system has many other complications. If you can understand eligibility for housing benefit you should earn enough not to need it. Although the system discourages effort, it does not succeed in bringing many poor people up to society's stated minimum levels. Over 11m family units, excluding the unemployed, are below supplementary benefit level and 3m are within 120 per cent of it.

Not surprisingly there have been some reform proposals. Harriette Parker in Action on Welfare (Social Affairs Unit, 2, Lord North Street, SW1) has a comparative analysis of no less than seven.

One type of reform is known as "back to Beveridge". The aim is to raise benefits for specific contingencies such as unemployment, age, sickness or numbers of children, to levels well up to the present definition of poverty. The problem with "back to Beveridge" is its cost which is high because the benefits spill over to those who, on any definition, are well above the poverty line. The other pure kind of re-

HOW IFS PLAN WOULD CUT POVERTY

Figures in thousands

Table with 4 columns: Under existing system (1983-84), Under new system with full take-up, Under new system with no discretionary tax and NI, Under new system with integrated reforms. Rows include (I) Below supplementary benefit, (II) Below supplementary benefit + 20 per cent, and (III) Below supplementary benefit + 30 per cent.

forms are the income deficiency schemes designed to "top up" the resources of those on low or zero incomes, whatever the reason. One type is a social credit for everyone, which is then taxed as income rises. The other type is the negative or reverse income tax, with payments by the state to the poor up to a crossover point where positive income tax becomes payable. Although their advocates fight like tigers, the two types are mathematically identical. The main determinants in each case are the unconditional payment to those with zero income, and the rate at which the payment tapers off as income rises.

These income deficiency schemes also face severe conundrums. If the maximum payment to those with no outside earnings is generous, either the scheme is very expensive or the percentage cut off as income rises is very large, giving rise to high marginal tax rates. In other words, poverty trap effects extend high up the income scale.

The Institute for Fiscal Studies has made an important breakthrough in its new book The Reform of Social Security (OUP, £3.95) in moving towards an integrated tax benefit system. It does not provide a free lunch or remove the three-way trade-off between the desiderata of

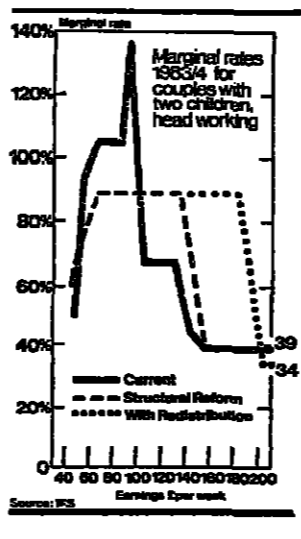
generosity, low cost and low marginal tax rates. But it has made an income-support scheme feasible by combining two different ideas.

One is the tax credit scheme, evolved from Lord Cockfield's abortive scheme under the previous Conservative Government in 1972. Under the IFS version existing personal allowances become tax credits to be set against tax liabilities, which themselves can never be less than zero. In addition there are to be "benefit credits" which are gradually extinguished as income rises.

The advantage of combining tax and benefit credits is that it is possible to have steeper implicit marginal tax rates for benefit than for normal income tax, thus keeping down the cost of benefit. The price that has to be paid, as shown in the chart, is a higher version of the poverty trap experienced by more people.

The IFS has presented its reforms in two versions. First it tries to reproduce the effects of the present system, but without the worst absurdities. As the chart shows there would be no poverty tax rates of above 100 per cent for employed people, but a broader band of rates than at present between 80 and 90 per cent. The myth of National Insurance would go and there would

HOW RATES WOULD CHANGE



would be only 20 per cent in their case and because few pensioners have substantial other income.

These changes, plus the conversion of the married man's and age allowances into benefit credits, would yield revenue saving of over £10bn in terms of 1983-84. The main IFS scheme would use half the savings to reduce the basic rate of the new integrated income tax by 5 percentage points, that is from 39 per cent to 34 per cent. The other half would be used to increase benefit credits, for children, one-parent families and pensioners. The hoped for resulting reduction in numbers below the poverty level is shown in the table.

There is no black magic. Many of the people who would gain from the basic tax rate reduction would also lose from tapering off child credits. Marginal tax rates would be lower on the poor and on those with above average earnings and below the higher rate level. But they would be higher in a broad band in the middle, as the chart shows.

It is important not to become bogged down by these highly specific proposals. If the basic income tax rate were not cut it would be possible to be more generous to families with chil-

IFS scheme avoids the worst of present absurdities

dren and to reduce the still high marginal tax rates they pay in a band above and below average earnings.

The issue on which to go to the stake is not the IFS value judgments but (a) integration and (b) selectivity.

As a minimum we should be able to agree to the phasing out of Serps, the state earnings-related pension supplement. This once much-heralded change, for which Richard Crossman was responsible, is designed to provide higher pensions for those who can afford to make their own provision, at vast cost to the taxpayer around the turn of the century. These tax transfers among the middle class are a perfect example of what the state should not be doing.

Lombard

Don't write off the regions

By Michael Prowse

THIS GOVERNMENT is surprisingly insouciant about Britain's gross regional economic disparities. It was probably unrealistic to expect yesterday's report on regional policy from the Commons Public Accounts Committee to show any more concern. The PAC's brief was merely to look into the effectiveness of regional aid. It concluded, as have many of the 500 respondents to the Government's regional policy white paper of last December, that less discrimination against service industries, greater emphasis on job creation and more discretion for civil servants may help. What it did not add is that in present circumstances such admirable attention to detail is almost entirely irrelevant.

The important point is that as regional inequalities have increased, Government efforts to reduce them have declined. The extent of regional inequality is now frightening. In 1981, gross domestic product in the South East was 15 per cent above the national average; the other nine regions are all "below average". Wales is 16 per cent below par and since 1971 the West Midlands has slumped from 2 per cent above average to 10 per cent below.

Yet in 1983-84, spending on regional aid was £640m—about a third less in real terms than the average for 1979-83 and only half the annual expenditure in 1974-79, when problems were less acute. A further big cut is now feared and a further shrinkage of the map of assisted areas, already cut back sharply in 1979.

that ministers can wind down regional aid when the problems are so immense.

Regional policy in the past may not have been a total success, although the REP is generally regarded with affection by economists. Some date the latest continental drift apart in the fortunes of regions to 1977, when the REP was hurriedly scrapped to meet public spending guidelines set by Britain's erstwhile paymaster, the International Monetary Fund. Yet even if the economic nostrums of the 1960s are not now wholly appropriate (especially since sensible policies must now be shelved merely because they do not fit EEC dogma), there is still a need for a return to the constructive optimism of those times. The defeatist tone of the Government's white paper—these problems are too immense for us to tackle—is a vivid contrast to the determined ingenuity of 1967.

The mild economic recovery that has been under way for three years makes regional policy more rather than less affordable and more rather than less important. When much of Britain seems destined to remain an industrial wasteland, it is quite absurd that the precious non-urban bits of the South East may, as the Regional Studies Association (RSA) fears, experience supply bottlenecks, land and property price escalation and attacks on much-needed Green Belt restrictions. A better spread of growth would mean faster and more sustainable growth.

The best and simplest way to raise hopes and create jobs in depressed regions would be public spending on a variety of inter-linked projects. As the RSA argues, who can doubt that the London-Bristol growth axis owes much to "public investment in Heathrow Airport, the M4 motorway, high-speed trains, universities and research establishments, together with government defence and aerospace contracts"? Saudi Arabia is using its oil money to build an entire economy should not Britain use a little of its oil largesse to rehabilitate its poorest regions?

Muddle in the Finance Bill

From Mr B. Banks  
Sir,—The Finance Bill has now emerged from the committee stage on its passage through Parliament. I would like to draw attention to clause 24 which at first sight seems like a generous gesture by the Government by seeking to widen the scope for staff in unquoted companies to obtain tax relief for interest incurred on loans used to acquire shares in employee-controlled companies.

This relief was first introduced by section 24 of the Finance Act 1983 which inserted paragraphs 10C and 10D in Part III of the Finance Act 1972's scheme. It is governed by section 75 of the Finance Act 1972.

In essence, income tax relief at marginal rates is available to full-time employees for interest on money borrowed for investment in shares of their own "employee controlled company". An "employee controlled company" is defined as a company which has at least 75 per cent of its issued share capital/voting power beneficially owned by persons who are full-time employees of that company or their spouses.

For the purpose of arriving at the 75 per cent holding no individual holding in excess of 5 per cent, employee and spouse are counted jointly, is taken into account. Also the relief is only available if the first time a company becomes an "employee controlled company". Where a company has at any time in the past indulged in the luxury of equity participation by institutional investors it might find that while it now qualifies for the status of "employee controlled company" its staff could be disqualified from obtaining the relief on grounds that the company is "employee controlled" for the second time around. Similarly where shares have been bought back by employee shareholders following the departure from a company of a shareholder from a group of employee shareholders the same disqualification could apply.

Those employees of unquoted companies who currently enjoy the relief concession could well be in for a nasty shock following the enactment of clause 24 of the Finance Bill since it changes the ground rules for defining an "employee controlled company". The criteria of a 75 per cent equity/voting requirement for employees is to be reduced to 50 per cent and the individual holding to count towards the 50 per cent is to be increased from 5 per cent jointly to 10 per cent each for the employee and his spouse. Because of the "first time" rule for defining an "employee controlled company" and the retrospective effect of the legislation, a company which previously passed the 75 per cent/5 per cent test may not now qualify and the staff no longer

Letters to the Editor

eligible for the interest relief. Worse still is the possibility that the Inland Revenue might claw-back interest relief given to employees affected by the retrospective legislation. MPs and the policy division of the Inland Revenue should understand this matter before it gets on to the statute book.

B. L. Banks, Hazeldene, Edensor, East Grinstead, West Sussex.

Taxing times at the ports

From the Director-General, Institute of Freight Forwarders.

Sir,—I was interested to read my letter on "Taxing times at the ports" (July 11) and would like to correct the straggling error in your article. I am appointed as director-general of the Institute of Freight Forwarders. At the present time our members are particularly concerned with the effects of the dock strike on the difficulties under which British shipowners are operating and this can only add to their burdens. In a market of deflated freight rates and union embargoes on the movement of coal, it is small wonder that the size of the British mercantile fleet continues to diminish. If the trade union movement does not wish to cripple British shipping further, it should be making it easier for our fleet to trade and not more difficult.

Gordon A. Brown, 9, Paradise Road, Richmond, Surrey.

Let the market decide

From Mr A. Bird

Sir,—Your leading article "Two forms of merger policy" (July 10) on this most contentious subject—controversy only because of the Government's strange and almost incomprehensible record of decisions—is a welcome and eloquent appraisal of the present situation following the announcement of the Government's latest guidelines.

on the basis of the Government's latest pronouncement the objection to the bid should be withdrawn and a fresh bid allowed. The market fully understands the relative merits in this case. It is now time to let the market decide on this long argument once and for all.

Arthur L. Bird, 14, Greenwell Lane, Nettleham, Lincoln.

Forgotten workers

From Dr A. Kup

Sir,—May I corroborate Mr Colbran's opinion (July 9) that there seems no limit to the complications the Secretary of State and his officials are prepared to put on the process of saving for old age? I refer to the pension arrangements made by HMG for expatriates upon relinquishing our empire.

Most European governments simply counted people serving overseas as home civil servants for pension and compensation terms and everyone knew where they were. Not so in Britain which foisted and still foists—being about to do so with Hong Kong—responsibility on the newly independent territories; the resulting ad hocery produced scant justice and much racial invective on both sides. Professional people especially, such as tropical agronomists, medical officers, accountants, and university teachers, were largely forgotten getting pensions, if any, geared in many cases to pre-war living costs.

It was not unknown for people in adjoining offices to receive different treatment: one getting all the supplemented pension, security of payment and lump sum awarded to colonial officers proper, the other nothing. Yet all subscribed alike to compulsory expatriate pensions schemes set up by order in council.

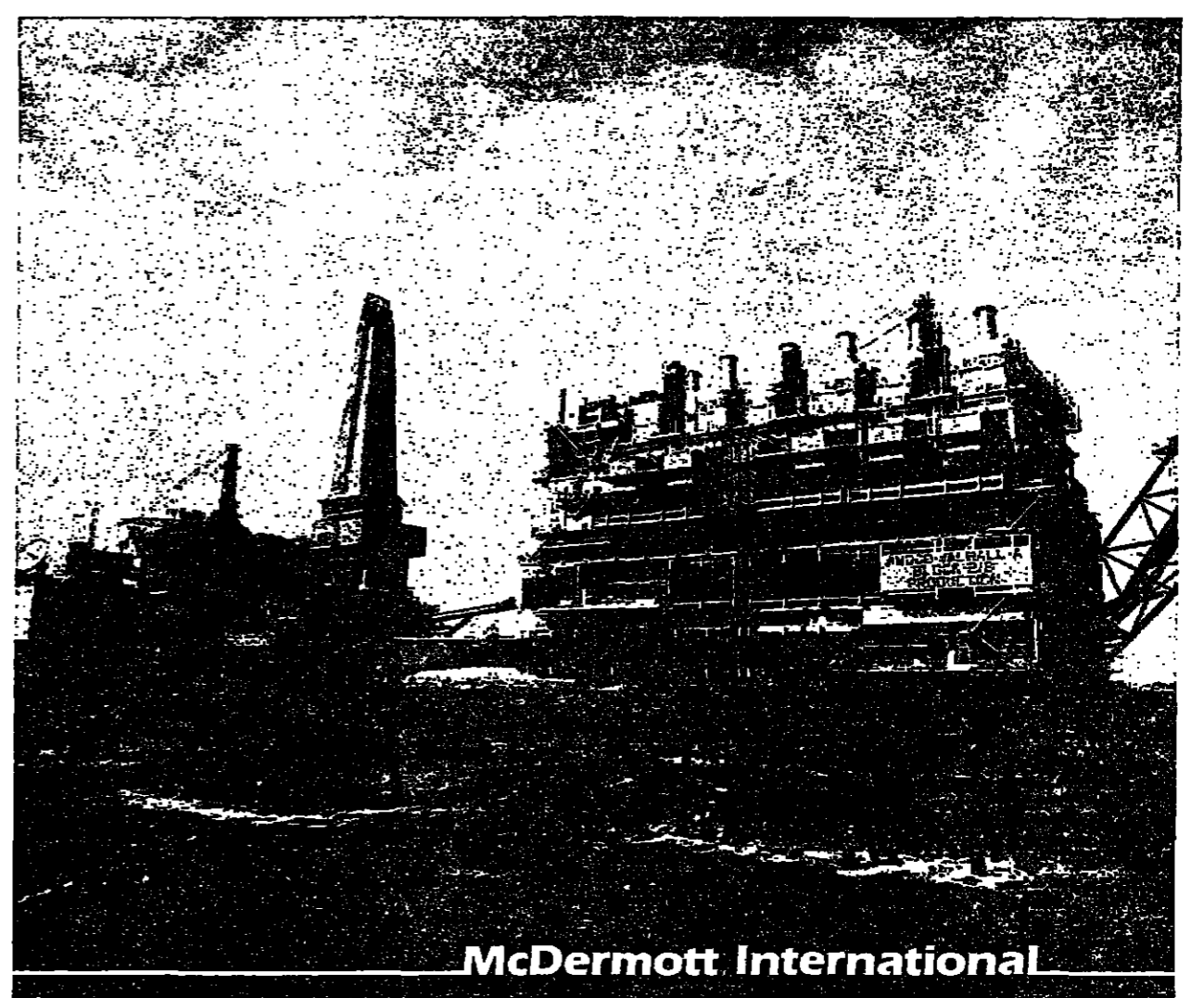
Metering the water

From Mr P. Newman

Sir,—Surely the answer to Anglian Water's reported claim (July 9) to be losing £2m in charges a year because householders are watering their gardens illegally is for them to instal meters. This would do away with the whole business of licensing, and one would only pay for what one uses.

In my area of Thames Water it is not at all easy to obtain a clear idea of where the balance of advantage might lie for a householder faced today with the choice of either going over to metered supplies or continuing with the present arrangement of a charge based upon the property's rateable value. Over the past 10 years my own water/sewage charge has increased by more than twice that of the general household rate, and that has itself more than kept up with inflation. So, with many industrial and commercial users going over to metered supplies it seems likely that similar advantages might accrue to the ordinary householder, that is, if meters were installed on the same basis as those for electricity and gas and subject only to a straightforward standing charge devoid of such additional complications as an initial installation cost and subsequent regular meter reading charges. Further, and in a similar way minimal users might receive a refund of part of the basic standing charge if their usage were below a basic level.

In this southern region of Thames Water I attended the inaugural meeting of the new Consumer Consultative Committee (CCC) set up as a result of the 1983 Water Act which imposes upon water authorities the task of running their enterprise more along the lines of a business than a local council. I was one of three chosen to represent the householder consumer in this area. At that meeting I raised the matter of metering of supplies along the lines I have stated above. The chairman's reply was that this is a very big issue and was under study at the present time. He expected to be able to provide a more substantive reply at a later date. You may be sure that I shall keep this matter to the fore, and I would suggest that householders in Anglian Water's area do likewise at similar CCCs, if they have them.



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# FINANCIAL TIMES

Thursday July 12 1984

omnipresent, (wannabeship), n. Informal. The art of cleverly outmanoeuvring one's competitors. Successful protagonists found in Scombrorpe, benevolent from grans, incentives etc. etc. [C15; from N. England dialect for gaining a significant advantage].  
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## Murdoch enlists banks in pursuit of St Regis

By Terry Dodsworth in New York

MR RUPERT MURDOCH, the Australian publisher, has asked a consortium of 22 international banks led by Midland of the UK and Bank of Boston in the U.S. to arrange financing for further acquisitions of shares in St Regis, the U.S. paper and forest products group.

In papers filed yesterday with the Securities and Exchange Commission, the regulatory body for the securities industry, Mr Murdoch admitted the financing might be used for a "business combination" with St Regis, but he reiterated that he had not decided to make a tender offer for the company.

Mr Murdoch has been forced to concede that his intentions towards St Regis might go further than pure investment purposes by a case brought against him in the Dallas courts.

In this action St Regis revealed that Mr Murdoch had been talking with the banks on both sides of the Atlantic, purportedly about a \$750m credit line. The paper company suggested that he had misled the SEC by stating that his present 5.8 per cent stake in the company had been taken only as an investment.

Following these allegations, Mr Murdoch has altered his filing with



Mr Rupert Murdoch

the SEC, admitting that he met a group of international banks in London on July 6. These talks, he said, concerned the availability of financing both for the purchase of additional shares of company stock and the possibility of business combination between his own companies and St Regis.

The SEC filing reveals that Mr Murdoch was asked to institute a standstill agreement on further share buying when he met Mr William Haseltin, chairman of St Regis, on Tuesday of this week. Mr Haseltin apparently asked for this as a condition for further discussions between the two groups, but Mr Murdoch refused to agree to the condition.

Filings with the SEC have to be made once an investor acquires more than 5 per cent of a company, stating the purposes for which the purchase has been made. Although many takeovers start from what were originally notified as investments, this can lead to legal suits against the acquirer - at present, for example, Mr Saul Steinberg, the chairman of reliance, faces action on the grounds that he made a false filing of this kind before launching a bid for Walt Disney.

Mr Murdoch has not revealed in his statement how much financing he is seeking from the banks.

The paper company's shares have moved up steadily in the last few days, being quoted at \$42½ in early trading yesterday, where the company is valued at about \$1.5bn. Last year the company made profits of \$55.2m on sales of \$2.8bn.

St Regis has been the subject of recurring takeover speculation this year, and has twice bought off potential bidders for the company in the much-criticised "greenmail" transactions which give a block investor a premium over the market price.

More recently the company has been trying to make use of less attractive takeover possibilities, launching a bid of its own for Colonial Penn, the insurance group.

## NZ devaluation may be necessary, warns IMF

By DAI HAYWARD IN WELLINGTON

THE International Monetary Fund (IMF) has told New Zealand that stringent measures, including a devaluation of the New Zealand dollar, might be needed to solve the country's economic problems.

The report is a serious embarrassment to the Government of Prime Minister Sir Robert Muldoon ahead of Saturday's general elections.

In its call for speedy action to reverse recent government intervention in various areas of the economy, it says indirect taxation must be increased, spending reduced and "major underlying imbalances" in the economy corrected.

The report lays much of the blame for the economy's poor performance on the Government's policy of throwing out conventional fiscal measures during the 20-month wage-price freeze, from June 1982 to February this year.

The confidential report, which

was prepared in February and kept secret despite Opposition calls for its release, was leaked to the press only this week.

It says the country's internal and external deficits are so large that they threaten to have a severe unsettling effect on the economy.

New Zealand, the report adds, was now one of those countries which could only apply unattractive policies to overcome its problems. Referring to overseas debt, the IMF says speedy and considerable adjustments of the external account are necessary. The report also criticises the competitiveness of New Zealand industry and calls on the Government to hasten removal of import controls.

Foreign debt had increased rapidly and now stood at 45 per cent of gross domestic product, and the IMF suggests that future borrowing should be limited to economically viable investments, rather than to sustain consumption.

The Premier yesterday rejected the IMF's criticism of his Government's handling of the economy. The IMF, said Sir Robert, was a very conservative body of international public servants whose economic surveys always ignored the social and political implications of the country they were studying.

IMF recommendations had created special problems in South America because the organisation wanted adjustments made more quickly than its economies could sustain.

In any case, much of the report and the material upon which it was based was out of date, Sir Robert said.

Mr David Lange, leader of the opposition Labour Party, said the report supported what he had been saying. The Prime Minister had claimed that it was not critical of the way he managed the economy. Mr Lange said, but this had now been exposed.

## Nigerian economy measures 'not enough' to qualify for new loan

By QUENTIN PEEL IN LONDON

NIGERIA has been informed by the International Monetary Fund (IMF) that its latest proposals for the stabilisation and adjustment of its economy are insufficient to qualify for an extended balance of payments loan, according to officials close to their negotiations.

The IMF has sent a letter to the Nigerian Government spelling out its response to the economic strategy presented last month at a meeting between M Jacques de Larosiere, managing director of the Fund, and Nigeria's negotiating team, led by Alhaji Abubakar Alhaji, the Permanent Secretary for Finance.

Although no details of the letter have been released it is understood that the main sticking points in the way of an IMF three-year loan, which could total more than \$3bn, remain the Nigerian refusal to devalue the naira outright, to dismantle its complex system of import restrictions, and to increase petrol

prices in order to reduce the effective government subsidy.

The failure to bridge the gap between the IMF and Nigerian positions will be a blow to the parallel effort to agree terms for refinancing up to \$3bn in arrears of payments owing to suppliers insured by the major Western export credit agencies.

Further talks have been held this week between the Nigerians and European agencies, but the latter remain insistent that no refinancing can be finalised without a simultaneous agreement with the IMF.

The IMF has not excluded further talks with Nigeria, although it seems unlikely that any meeting could be arranged before the Fund's annual meeting in September. The attitude in Washington, however, is that the next move is up to the Nigerian Government.

One official said: "The fund remains ready to assist a member country which desires to adjust, but

will not go along with a programme which does not seem sufficient to bring that adjustment about."

Bankers believe Nigeria will now try to embark on those economic policies it feels are both economically and politically feasible for the military regime, still relatively insecure six months after it seized power in a coup. A very slight adjustment in the value of the naira - from around \$1.34 to \$1.30 - is the furthest the Government has yet been prepared to move towards the Fund's devaluation demand.

Bankers welcomed yesterday's news of the increase in Nigeria's oil production quota by the Organisation of Petroleum Exporting Countries, but pointed out that the initial two months' concession would provide little more than \$200m towards a balance of payments current account deficit running last year at more than \$44bn. Only if the increase were extended for a full year would it help significantly to bridge the gap.

## Industrial nations agree oil shortfall policy

By David Marsh in Paris

LEADING INDUSTRIAL countries agreed yesterday on a policy of co-ordinated reductions of oil stocks to guard against exaggerated price rises and panic buying in the event of a renewal of supply disruptions on the international oil market.

The accord, reached at a governing board meeting of the 21-nation International Energy Agency (IEA), is intended to give Western countries an additional policy weapon to counter any supply shortfall of the kind which triggered the 1979-80 oil shock.

The agreement, coming at a time of surpluses and falling prices on the world oil market, is clearly not likely to be put into action over the short term.

But Frau Helga Steeg, the senior West German civil servant who took over as IEA executive director at the beginning of this month, yesterday called the agreement "a major extension of the IEA's ability to shield its members from the adverse consequences of any interruption in their supplies of oil."

The accord is designed to allow Western governments, which have markedly increased their oil stocks over the past few years, to deploy their stocks in a "timely" and "flexible" way to calm down any emergency.

The exact method of drawing on stocks and the way in which this would be co-ordinated with other action to conserve energy, switch fuel use or restrict oil consumption would be decided in consultation among all members of the Organisation for Economic Co-operation and Development (OECD). The OECD includes France, which is not an IEA member.

Frau Steeg said the decision to leave open the specific circumstances that would spark stock drawings was deliberate. Industrial countries' response would vary from case to case. "One of the advantages of this agency is that it can act very flexibly," she said.

The agreement complements the more rigid emergency oil-sharing system triggered when an IEA member or group of countries faces a shortfall of 7 per cent or more of normal oil supplies.

In 1979-80, limited shortfalls of brief duration were enough to boost oil prices by 100 per cent, even though the 7 per cent barrier was never passed.

Since 1978, company and government-owned oil stocks in the OECD area have risen to 417m tonnes from 402m, representing an increase of roughly 25 per cent in terms of days of normal cover. Government stocks have risen spectacularly to 77m tonnes from 5m.

Frau Steeg said the new policy did not represent a "price intervention mechanism" and would be used only to counter a shortfall, not to regulate a supply surplus.

She said it was a "coincidence" that the agreement was concluded at a time of growing difficulties in the Organisation of Petroleum Exporting Countries, and denied that there was any question of "hitting Opec when it was down."

## Strong growth for Germany

WEST GERMANY'S real economic growth will be above government forecasts this year despite the losses caused by recent strikes, the authoritative Berlin Institute for Economic Research (IHW) said yesterday. Reuter reports.

In its latest report, the independent institute said spare capacity would allow industry to make up about two thirds of lost output, estimated at 0.75 per cent of the gross national product (GNP), in the second half of this year.

The general climate for recovery remained good and the economy would grow by 3 per cent in 1984, the report said, but it was expected to level off in 1985 to near 2 per cent.

## UK dockers plan to step up strikes

By OUR INDUSTRIAL STAFF

OVER 50 of Britain's ports were shut yesterday, at least for the movement of freight, on the second day of the national strike by dockers. The workers plan to intensify the strike by extending it to ports as yet unaffected and are preparing to picket those.

None of the 53 ports registered under the statutory dock labour scheme, and which handle about 70 per cent of Britain's seaborne trade, was open for freight yesterday. Dozens of ships lay idle in the big ports such as London, Harlepool, Southampton, Hull and the Clyde.

Among the 150 non-registered and generally smaller ports, the picture was mixed. But the three largest non-registered ports, Dover and the east coast ports of Felixstowe and Harwich, were working normally.

Ferry ports were still moving freight and passengers yesterday. But freight movement out of these ports might be stopped later in the week after talks between the Transport and General Workers Union (TGWU), which called the strike, and the National Union of Railwaymen, whose members work on ferries.

The National Union of Seamen is also planning to stop the movement of Sealink UK freight from Friday midnight in protest at the planned privatisation of the ferry company.

Mass meetings will be held over the next few days at the ports which are not registered under the dock labour scheme, which is at the centre of the dispute. The strike

## Nigeria wins oil concession

Continued from Page 1

There was some scepticism yesterday, however, over whether Nigeria will be able to sell its additional output without discounts. A senior executive of an oil company heavily involved in Nigeria said this would be impossible "if the market continues as it is now."

Ian Hargreaves in London writes: The focus in the oil market will now switch from Vienna to London, where the British National Oil Corporation (BNOC) is due by Sunday to set retroactively official North Sea prices from the start of the third quarter.

A trader from an American oil company said the price of Brent could go below that of Arabian Light, suggesting a dollar a barrel fall in the North Sea marker crude from its present range of \$28.45 to \$28.90.

Companies with large production interests in the North Sea are expected to support BNOC in its desire to retain an official price of \$30 a barrel.

In the spot market yesterday there was little price movement in this trading. North Sea crudes showed only minor adjustments, and Arabian Light traded unchanged in the \$27.70 to \$27.80 range.

Some traders expressed disappointment that a firmer commitment to restrain actual production within the 17.5m b/d Opec ceiling had not emerged from Vienna.

## World Weather

Area	S	C	F	Area	S	C	F	Area	S	C	F
Amesbury	16	23	73	Düsseldorf	26	18	78	Málaga	20	11	62
Amman	18	28	82	Genoa	29	19	66	Madrid	20	11	52
Algiers	25	28	82	Hamburg	24	11	52	Mexico	25	15	59
Ankara	18	28	82	Helsinki	21	8	46	Minneapolis	31	18	64
Antwerp	21	31	88	London	21	8	46	Moscow	33	18	64
Bahia	23	31	88	Lyon	21	8	46	New York	33	18	64
Bangkok	23	31	88	Manchester	21	8	46	Ottawa	33	18	64
Bombay	23	31	88	Norwich	21	8	46	Paris	23	11	54
Buenos Aires	23	31	88	Oslo	21	8	46	Prague	23	11	54
Burgas	23	31	88	Stockholm	21	8	46	Rangoon	23	11	54
Calcutta	23	31	88	Taipei	23	11	54	San Francisco	23	11	54
Canton	23	31	88	Tokyo	23	11	54	Seattle	23	11	54
Cebu	23	31	88	Winnipeg	23	11	54	Sydney	23	11	54
Colon	23	31	88								
Dacca	23	31	88								
Dhaka	23	31	88								
Delhi	23	31	88								

## Air Florida leases jet and crew

By PAUL TAYLOR IN NEW YORK

AIR FLORIDA, the U.S. airline which filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code last week, plans to start flying its profitable Miami-London route again "as soon as possible."

In a new and separate blow to the airline, however, a federal grand jury in Washington yesterday charged Air Florida and three foreign airlines with fixing the prices of passenger fares between the U.S. and Central America in 1982 and 1983.

Air Florida last night denied the price-fixing allegations and said it would oppose the charges.

The other airlines indicted are Taca International Airlines of El Salvador, Transportes Aereos Nacionales and Servicio Aereo de Honduras, both of Honduras.

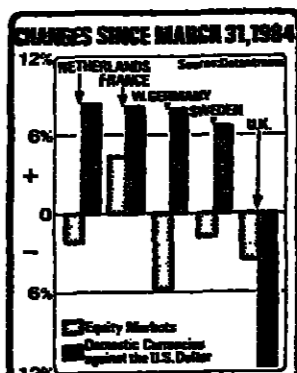
Air Florida's move to resume its London service follows the signing of a new lease with World Airways, a California-based carrier, under which Air Florida will lease a DC-10 aircraft and crew to fly the route under World Airways' colours.

The agreement has been approved by a Miami bankruptcy judge who also agreed this week to allow Air Florida to use up to \$4m in accounts receivables over the next two weeks to try to start flying.

PanAm considers widebodies. Page 5

## THE LEX COLUMN

# Life support for sterling



there are a couple of strikes to settle.

## Sun Alliance/Phoenix

Announcing the terms of its agreed bid for Phoenix Assurance last night, Sun Alliance cast aside its traditionally conservative image and heralded the first sizable merger in the UK composite insurance sector for many a year. But the 24 per cent stake which it now holds under its belt after the deal with Continental Corporation has not quite closed the door on any marauding black knights. Phoenix, recently the most favoured bid target in the UK sector, now has a price on its head and the sector could still be headed for another bout of takeover excitement.

In the last round, Eagle Star was eventually acquired at a 12 per cent discount to its asset value of around 28 pence per share. Phoenix, which happens to have an approximately equal asset value per share, is now recommending acceptance of a bid marking a 19 per cent discount. This is arguably a fair relative price, since Phoenix enjoys none of the market leadership which Eagle Star could claim in several sectors.

Sun Alliance's bid at 23 pence per share also represents an exit p/e for Phoenix of just under 20 times, which compares with multiples of about 13-14 for most of the composite insurers in the market.

The total purchase consideration of £396.6m is clearly well within Sun Alliance's pocket. Indeed, the group's 124 per cent solvency ratio has long been held by critics to be a measure of some overcapitalisation. How the merger will affect the expense ratios of the new grouping is far from clear, nor is it really appar-

ent how Sun Alliance might use Phoenix's assorted overseas interests to build up its foreign business. But within the UK, at least, the two companies' portfolios look usefully complementary. Phoenix has long been relatively weak in the household and property sector, which is the bidder's great strength, while the merger would lift Sun Alliance from being a minor competitor in the UK motor market to being the second largest behind General Accident.

The absence of any too conspicuous overlaps in the two companies' UK businesses has presumably given Sun Alliance some confidence that the deal will not be referred to the Monopolies Commission. If successful, its move could of course reduce the scope for an overseas predator looking at the UK sector and might even diminish Sun Alliance's own vulnerability to a hostile bid. But it will be well aware that Allianz had 29 per cent of Eagle Star at the outset of the last battle for a composite insurer. Five years' earnings are forecast to rise sharply in the next few years and there is plenty of opportunity to tighten up its less than glamorous return on assets. The Phoenix board can expect to have its recommendation closely examined.

## British Steel

There is no denying the achievement of British Steel Corporation in reducing its 1983-84 operating losses before exceptional items from £38m to £17m. The privatisation wind seems to have sprinkled a little stardust over several areas of the group's activity. Its Allied Steel and Wire joint venture with GKN, most notably, has apparently turned itself around from losses of about £2m a month in 1982 to operating profitability.

The miners' strike has cut production levels by about 10 per cent against February/March, however, and every one cent decline in sterling against the dollar will add about £1m to BSC's annualised cost structure.

Sterling's new weakness against the D-Mark might offer some relief on the EEC pricing front; but the chairman's warning in the report and accounts published yesterday, that a major strategic reassessment is due, looks more timely by the day.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Thursday July 12 1984

HOPEPE The Society Spanish Drink GONZALEZ BYASS

NATIONWIDE - CARS, VANS, TRUCKS, CONTRACT HIRE, LEASING, FINANCE. COWIES Fleet Sales

Kaiser Aluminum back in the black

By Terry Dodsworth in New York KAISER ALUMINUM, the fourth largest U.S. aluminium producer, achieved net profits of \$32.5m, or 74 cents a share, in the second quarter of this year...

Setback for U.S. telephone group

By Terry Byland in New York UNITED Telecommunications, the largest independent U.S. telephone group outside the Bell system, has reported lower earnings for the second quarter.

Bowater U.S. achieves big second-quarter gain

BY OUR FINANCIAL STAFF BOWATER Inc, the North American operations of Bowater which are being split off from the UK parent, boosted second-quarter net profits from \$10.2m or 41 cents a share to \$18.6m or 61 cents...

Three Louisiana banks merge

BY OUR FINANCIAL STAFF THREE Louisiana banks have agreed on a merger which will create the largest bank holding company in the state, providing further evidence of a trend towards consolidation among smaller regional banks.

Dow Jones earnings up 29% in quarter

By Our New York Staff DOW JONES, the U.S. publishing group which owns the Wall Street Journal, has achieved a 29 per cent increase in second quarter net earnings to \$37.3m or 58 cents a share compared with \$28.9m or 45 cents a share in the same period last year.

ITT cuts quarterly dividend and warns of lower profits

BY PAUL TAYLOR IN NEW YORK ITT, the U.S.-based multinational conglomerate, has slashed its quarterly dividend to 25 cents from 87 cents a share. The cut, which sent ITT's share price plunging in after-hours trading on Tuesday, came as the company warned of significantly lower second-quarter earnings...

Western Union quits satellite TV market

By Our New York Staff WESTERN UNION, the U.S. communications group, has dropped plans to enter the direct broadcast satellite (DBS) market. The decision casts further doubt on the future of the once highly touted direct satellite-to-home television programme industry.

SCN Société Luxembourgeoise de Centrales Nucléaires DM 100,000,000 8% Bearer Bonds of 1984/1991 RWE Rheinisch-Westfälisches Elektrizitätswerk AG

THE PEOPLE'S REPUBLIC OF THE CONGO Financing for the construction of the Brazzaville - Mayama - Kindamba highway by Bovis International Limited

INTERNATIONAL COMPANIES and FINANCE

Terry Dodsworth reports from New York on the high cost of thwarting an unwelcome takeover bid

Mr Smart's war of independence leaves debt legacy

MR BRUCE SMART, chairman of the Continental Group, has just been through what he calls the "maturing management experience," of seeing his company taken over in one of the highly leveraged deals that are now the rage of Wall Street. A month after Sir James Goldsmith, the Anglo-French financier, first declared an interest in the packaging and forest products conglomerate, Continental has engineered an amicable \$2.75bn agreement. But, despite the friendly nature of the deal, Mr Smart would clearly like to put the clock back. "We would have preferred to have stayed as a public company and to have worked our way to the objectives we had set ourselves," he says. In a strangely muted contest, in which Continental put together a strong defence and managed to force the suitors into a friendly private auction, Continental is generally credited with playing its cards skilfully. Yet the deal still demonstrates how quickly a takeover, and particularly a leveraged bid, can turn even the most carefully regulated company upside down. The agreement effectively upends a long-term master plan

which Mr Smart, as the newly-elected chairman of the company, had set in motion three years ago. At that time, the group had, he says, a number of underperforming assets and an overstrained balance sheet. The top management drew up a programme designed to improve margins, embarking on an ambitious restructuring which generated \$1bn-worth of disposals in two years. By the end of last year, Continental was more or less in the shape that the management wanted it to be. It had sold a chunk of its corrugated container operations and paper plants, along with its Canadian packaging business and six plastic bottle plants, retaining the best of its four divisions—packaging, energy, forest products and insurance. At that point, Mr Smart came to the conclusion that the hectic pace of change had become damaging to the businesses that remained. "People were looking over their shoulder to see who would be the next to go," he called a halt to the disposals and told the separate divisions that they would have a three-year period of operating stability to prove themselves.



Mr Bruce Smart—three years of work turned upside down

diversified structure which made it easy to sell off separate divisions—Sir James, for example, made it clear that he did not want the insurance business, says Mr Smart—and the balance sheet was an invitation to a leveraged offer. Both the bid from Sir James and the winning offer from the joint company owned by Peter Kiewit Sons' and Mr David Murdoch, depended crucially on the ability to gear up on Continental's asset and cash flow base. This was an option that would not have been much less attractive without the vigorous management actions of the previous three years, moves which had reduced the group's debt net of cash, from \$972m in 1982 to \$579m last year, bringing it down from 80 per cent of its equity capital to 38 per cent. To make matters even more precarious for Continental, this virtuous process had been scarcely recognised by the market. The group's shares were trading at only a little over their book value of \$36 a share, partly because earnings, at \$19m on sales of \$4.9bn, had not yet fully reflected the

changes. In retrospect, says Mr Smart, "we had not recognised the stability of our cash flow, while we were underleveraged because of our previous asset redeployment. We had retired more debt and bought in fewer shares than we ought to have done—because we had been highly conservative in putting our balance sheet in a text-book rating agency form." The text-book structure will disappear completely in the company emerging from the bid. Around \$2bn of the purchase price has been provided by a banking consortium led by Morgan Guaranty. Only \$70m of the acquisition money will be put up in the form of equity by the two acquiring partners. The takeover is equally destined to change the operating structure of Continental. Mr David Murdoch, who will have 20 per cent of the joint company with Peter Kiewit, says they intend to sell some of the group's operations soon to pay off a part of the debt. Mr Smart concurs: "Now that we are operating on a leveraged basis we shall have to take some disposal steps quickly."

Thus at the end of the day, Mr Smart and his management team are left with a company which is almost the antithesis of what they set out to achieve three years ago. Continental is now probably capable of earning much more than at the beginning of the asset redeployment process, but it has an extremely highly geared balance sheet, and is suffering even more acutely from the uncertainty of continuing reorganisation. The main consolation, says Mr Smart, is that a deal has emerged which protects shareholders while avoiding the threat of a complete breakup of the group. Peter Kiewit has indicated that it will continue to operate Continental as a separate entity. This, he adds at least gives some protection to the workforce, a point which he feels is often ignored in takeovers. As professional managers, we are elected to represent shareholders. But from an ethical point of view I also feel that the workforce should not lose out. Workers and senior management are committing their careers, and they do not have that to play over again."

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STATEMENT OF CONDITION, JUNE 30, 1984

ASSETS	
Cash and Due from Banks	\$260,895,272
U.S. Government Securities	167,018,483
State and Municipal Securities	50,784,384
Federal Funds Sold	60,000,000
Loans and Discounts	248,396,181
Customers' Liability on Acceptances	51,899,246
Interest and Other Receivables	27,972,493
Prepaid and Equipment, etc.	14,217,198
Other Assets	6,692,488
	<u>\$867,445,700</u>
LIABILITIES	
Deposits	\$719,216,793
Federal Funds Purchased	42,430,000
Acceptances: Less Amount in Portfolio	52,120,485
Accrued Expenses	11,522,630
Other Liabilities	7,807,578
Capital	\$22,000,000
Surplus	\$2,345,284
	<u>\$867,445,700</u>

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Dutch plan tax relief for stock market investors

THE DUTCH Government is widely expected to introduce tax relief for stock market investors in its September budget. The proposed scheme is understood to apply to newly issued shares only, and in this respect differs significantly from the relief that applies to equity investors in France and Belgium. Details of the Dutch plan are still being worked out, but the financial community in Amsterdam expects tax relief to be available from January 1, next year. It is understood that proposals under consideration will allow investors in newly quoted shares tax relief of one-third of their investment up to a maximum of Fl 10,000 (\$3,100). New issue activity will also be limited. Companies will be restricted to share issue ceilings, possibly to raising a maximum of Fl 50,000 of fresh capital. Tax relief on share invest-

Kloeckner sees continuing improvement

By Rupert Cornwell in Bonn

KLOECKNER, the privately-controlled West German steel trading and engineering group, is confident of a further gain in profits this year, after the improvement to DM 30m (\$16.6m) from DM 27m during 1983. Herr Jürg Henle, partner and chief executive of the Duisburg-based concern, reported that overall turnover of the group, embracing also Kloeckner-Humboldt-Deutz and the steel concern Kloeckner-Werke, was unchanged last year. Kloeckner itself lifted sales to DM 9.44bn in 1983 from DM 9.22bn. Investments dipped to DM 52m from DM 73m, to stand at their lowest level for six years, while the workforce at year-end had declined to 7,356 from 7,778 and was 2,000 fewer than a decade ago. Despite the protracted strikes in the engineering industry here, Herr Henle was confident that most of the concern's divisions would perform better this year. In the steel sector an upturn is expected to minimise the consequences of the EAB loss to the second half of the year. In 1983, Amro recorded half-year earnings of Fl 106m (\$33.3m)—22 per cent up on the same period in the previous year—aided by improved interest margins and booming stock exchange commissions. For 1983 as a whole, net profits were Fl 269m with provisions against debt of Fl 956m.

Allianz forecasts bigger payout

BY OUR FINANCIAL STAFF

ALLIANZ, the West German insurance group, expects to pay an increased dividend this year if earnings can maintain the pattern of growth shown so far in 1984. Shareholders were told at the annual meeting that the company had entered the second half of the year well positioned. For the opening six months, premium income improved by 7 per cent. Allianz, which pulled out of a bid for Eagle Star earlier this year, is hopeful of avoiding tax on the capital gains achieved by the sale of 30 per cent stake in the UK insurance group. Allianz has reinvested the DM 550m (\$195m) proceeds from its Eagle Star holdings. It said it was negotiating with the UK authorities on possible tax exemption on the profit. This might be allowed, it explained, because of the relocation of the former London-based unit Allianz Holding to the Netherlands. In the first half of 1984 premium income from business acquired by foreign subsidiaries grew 19 per cent in D-Mark terms. Claims in the first five months, meanwhile, had eased by 3.8 per cent against the year ago period. Group capital investments in the first five months were 10.7 per cent higher at DM150m. Preussag, the metals and chemicals group, can achieve higher earnings in 1984 if the impact of poor zinc earnings and the strong dollar is maintained over the second half-year, the annual meeting was told yesterday.

Portugal to close Quimigal units

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government intends to shut down unprofitable units operated by Quimigal, the public sector conglomerate, in an attempt to force the enterprise sort out its troubled finances. The plans are part of the Government's three-year economic and financial recuperation plan, which tackles major obstacles to Portugal's economic stability, including losses and debts generated by public companies. Between 1978 and 1980 Quimigal had an ambitious Esc 11bn investment plan aimed at making the company one of Europe's large conglomerates. But financial costs and technical problems plagued many subsidiaries. The first business to fall under the government axe will be the Esc 5bn (\$37.5m) pyrite ash pelletising unit built in 1982 but only run briefly in 1982 and 1983. They last acquired technology from Japan and created 214 jobs. It was supposed to produce 300,000 tonnes per annum of pellets and save \$7m a year in foreign exchange. The Government also wants to close part of a \$3.75m fibre-glass unit with a 2,000 tonne annual capacity. This subsidiary was formed in 1980 with the help of U.S. technology. Studies will be made of possible divestments plus the possible units. The government wants clearer production and financial targets to be strictly followed. Legislation earlier this year ended a monopoly for Portugal's nationalised fertiliser producers of which Quimigal is the largest. Private enterprise groups can now operate in this field.

Amro expects EAB link to dent earnings

By Our Amsterdam Correspondent

AMSTERDAM - ROTTERDAM BANK (Amro), the big Dutch commercial bank, expects lower net profits for the first half of this year as a result of its involvement in the loss-making European American Bank of New York (EAB). Amro has a 17 per cent stake in EAB. The other shareholders are Midland Bank of the UK, Creditanstalt-Bank of Austria, Deutsche Bank Societe Generale de Banque of Belgium and Societe Generale of France. Amro is responsible on a pro-rata basis for \$12.6m of a new \$80m equity guarantee issued by the holders which is expected to minimise the consequences of the EAB loss to the second half of the year. In 1983, Amro recorded half-year earnings of Fl 106m (\$33.3m)—22 per cent up on the same period in the previous year—aided by improved interest margins and booming stock exchange commissions. For 1983 as a whole, net profits were Fl 269m with provisions against debt of Fl 956m.

All these securities have been sold. This announcement appears as a matter of record only.

1,500,000 Shares

**PONDEROSA**

Common Stock

Smith Barney, Harris Upham & Co. Incorporated

Montgomery Securities

June 13, 1984

Aker shows strong advance

By Our Oslo Correspondent

AKER, the Norwegian oil installation building and engineering group, reports a pre-tax profit of Nkr 109m (\$14m) in the first four months of this year, compared with a loss of Nkr 35m last year. A remission of debt to the loan institute for ship-builders gave a strong contribution to the improvement.

**The Bank of Nova Scotia**  
U.S.\$200,000,000 Floating Rate Debentures Due July 1994

For the six month period 11th July, 1984 to 11th January, 1985 the Debentures will bear an interest rate of 13 1/4% per annum with a Coupon Amount of US\$670.83 payable 11th January, 1985

Bankers Trust Company, London Agent Bank

**Bank of Scotland**

**BASE RATE**

Bank of Scotland announces that, with effect from Wednesday 11th July 1984, its Base Rate will be increased from 10% per annum to 12% per annum

LONDON, BIRMINGHAM, BRISTOL, MANCHESTER, NEWCASTLE AND SOUTHAMPTON OFFICE—DEPOSITS

The rate of interest on sums lodged for a minimum period of 7 days or subject to 7 days' notice on withdrawal will be 6 1/2% per annum, also with effect from 9th July 1984

**BANK OF SCOTLAND**

New Issue July 12, 1984

This advertisement appears as a matter of record only.

**EUROFIMA**

Europäische Gesellschaft für die Finanzierung von Eisenbahnmateriale, Basel  
Société européenne pour le financement de matériel ferroviaire, Bâle  
Società europea per il finanziamento di materiale ferroviario, Basilea

**DM 100,000,000**  
**7 3/4% Deutsche Mark Bonds of 1984/1992**

Offering Price: 99 3/4%  
Interest: 7 3/4% p.a., payable annually on July 15  
Redemption: July 15, 1992 at par  
Listing: Frankfurt, Düsseldorf, Hamburg and München stock exchanges

**Deutsche Bank**  
Aktiengesellschaft

Bank für Gemeinwirtschaft Aktiengesellschaft	Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft	Bayerische Landesbank Girozentrale
Bayerische Vereinsbank Aktiengesellschaft	Joh. Benning, Goslar & Co.	Berliner Handels- und Frachtküfer Bank
Bankhaus Gebrüder Bethmann	Commerzbank Aktiengesellschaft	Debitbank & Co.
Deutsche Girozentrale — Deutsche Kommunalbank — Dresdner Bank Aktiengesellschaft	Deutsche Verkehrs-Kredit-Bank Aktiengesellschaft	DD Bank
Merck, Floock & Co.	Georg Hauck & Sohn Bankiers Kommanditgesellschaft auf Aktien	Deutsche Genossenschaftsbank
Sal. Oppenheim jr. & Co.	B. Metzler soehl. Sohn & Co.	Bankhaus Hermann Lampe Kommanditgesellschaft
M.M. Warburg-Brinckmann, Wirtz & Co.	Trinkaus & Burkhart	Norddeutsche Landesbank Girozentrale
	Westdeutsche Landesbank Girozentrale	Vereins- und Westbank Aktiengesellschaft
	Württembergische Kommunale Landesbank Girozentrale	Wuppertalbank Aktiengesellschaft

Amro International Limited  
Kreditbank S.A. Luxembourg  
Swiss Bank Corporation International Limited

Benque Populaire Suisse S.A. Luxembourg  
Merrill Lynch International & Co. Union Bank of Switzerland (Security) Limited

Credit Suisse First Boston Limited  
The Nikko Securities Co., (Europe) Ltd. S.G. Warburg & Co. Ltd.

U.S. \$75,000,000

**The Bank of New York Overseas Finance N.V.**

(Incorporated with limited liability in The Netherlands Antilles)

Guaranteed Floating Rate Subordinated Notes due January 1996

Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by

**The Bank of New York Company, Inc.**

(Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at 12 1/4% p.a. and that the interest payable on the relevant Interest Payment Date October 12, 1984 against Coupon No. 3 in respect of US\$10,000 nominal of the Notes will be US\$313.06.

July 12, 1984, London  
By: Citibank, N.A. (CSSI Dept), Reference Agent **CITIBANK**

**SIDOR**

**C.V.G. Siderurgica del Orinoco C.A. (Sidor)**

(Incorporated with limited liability in the Republic of Venezuela)

US\$50,000,000 Floating Rate Notes Due 1984-1988

In accordance with the terms and conditions of the Notes, and the provisions of the Agent Bank Agreement between C.V.G. Siderurgica del Orinoco C.A. (Sidor) and Citibank, N.A., dated July 7, 1980, notice is hereby given that the Rate of Interest has been fixed at 13 1/4% per annum and that the interest payable on the relevant Interest Payment Date, January 14, 1985 against Coupon No. 9 in respect of US\$8,000 nominal amount of the Notes will be US\$545.08.

July 12, 1984, London  
By: Citibank, N.A. (CSSI Dept), Agent Bank **CITIBANK**



# INTL. COMPANIES & FINANCE

## Wong Sulong reports on the reasons behind a Malaysian bank swap MPH deal saves Daim five years

BY SWAPPING control of banks over the weekend, Mr Daim Zaimuddin, one of Malaysia's most influential corporate figures, and Multi-Purpose Holdings, the biggest Malaysian Chinese corporation, have unleashed fetters restraining their ambitions in the financial scene.

Mr Daim gains control of one of the big Malaysian banks, saving at least five years of his time. That is important because the 45-year-old Daim, a close adviser to Dr Mahathir, the Prime Minister, freely acknowledged he is a man in a hurry.

For MPH, the deal ends a long and tortuous search for control of a commercial bank.

Under the agreement, MPH is to sell off its 40.7 per cent stake in United Malaysian Banking Corporation to two of Daim's companies for a reported sum equivalent to 250m ringgit (\$108m).

As settlement, Daim will transfer his 51 per cent stake in the Malaysian French Bank to MPH and make a cash payment of 132m ringgit.

The deal, which is subject to approval by the authorities — a formality, since they must have been consulted before it was struck — also illustrates how major transactions are being consummated in Malaysia these days, when politics and business are so inextricably mixed.

Daim's influence has been growing in proportion to Dr

Mahathir's consolidation of political power over the past three years. He now heads the Fleet Group, Malaysia's biggest newspaper chain, and Paremba, the major government property developer, as a nominee of the ruling UMNO party.

His personal flagship is Taman Maluri, which is involved in property development, manufacturing and trading.

Daim's opportunity to go into banking came two years ago. Because Malaysian law does not allow a foreign government bank to operate in Malaysia, and because of the nationalisation of banks under the Socialist Government of President Mitterrand in France, the Bank Indosuez had to incorporate a local entity, the Malaysian French Bank, to take over its two branches.

But it soon became obvious to Daim that the Malaysian French Bank was not the vehicle for him to make a big impact in the banking industry.

ing Corporation, of Hong Kong, of the Chartered Bank, the subsidiary of Standard Chartered, of the UK, both of which had submitted proposals to the Malaysian authorities to meet the requirements of the New Economic Policy—which aims generally to restrict foreign ownership of companies in Malaysia to 30 per cent by 1990, as well as to give the indigenous Malay population a 30 per cent stake, with the non-Malays holding 40 per cent.

HSBC has 36 branches in Malaysia, and the Chartered has 35. They are the oldest banks in the country.

However, because of the serious balance of payments problem, and because of a miscalculation of the costs, the Government deferred the localisation of these two banks indefinitely.

MPH bought its stake in UMBC at about the same time as Daim took control over MFB, but not after stirring up a storm of controversy.

Originally, MPH secured agreement to buy over 51 per cent of UMBC, but a premature leak of the news created an uproar of protests among certain sections of the Malay community, including elements of the UMNO party.

MPH had no choice but to reduce its purchase to 40.7 per cent, sharing equal ownership and management of the bank with Pernas, the government investment agency.

But right from the start, the partnership did not work, because of the conflicting aims and management styles of MPH and Pernas.

As a result, UMBC has lost out to other Malaysian banks during the past three years, which have seen rapid expansion in the Malaysian financial sector.

**Great potential**

Malaysian French Bank has a paid-up capital of 40m ringgit and total assets of about 700m ringgit. Last year, it made pre-tax profits of about 9m ringgit.

Although small, the bank has great potential, says Mr Tan Koon Swan, MPH's managing director. The bank intends to open at least a dozen new branches over the next few years.

In less than eight years, MPH has grown to be one of Malaysia's biggest corporations. Its paid-up capital has increased from 30m ringgit to 750m ringgit, and assets exceed 2.5m ringgit.

The 132m ringgit from Daim and 150m ringgit from a recent rights issue should take care of its loans, and leave some spare cash for expansion.

The UMBC-MFB bank swap is not the first major deal between MPH and Daim and other Malay groups. It will not be the last, considering the rapidly changing Malaysian business scene.

## Affiliates boost earnings at Toshiba

By Yoko Shibata in Tokyo

WITH A ¥3.7bn contribution from affiliates compared with a ¥3.8bn loss last time and a strong performance in the electronics and consumer products sectors Toshiba Corporation lifted group net profits by 51 per cent to ¥39bn (U.S.\$244m) in the year to March on sales of ¥2,706.9bn, up by 13 per cent. Profits per share were ¥22.46, compared with ¥14.76.

The results covered Toshiba's 32 consolidated subsidiaries and its share of the results of 188 affiliates. Parent company net profits of ¥50bn (up 1 per cent) and sales of ¥2,025.7bn (up 16 per cent) are also included.


The proportion of electronics sales was raised to one third of the total in the year. Helped by strong sales of semiconductor (up 45 per cent) magnetrons (up 37 per cent) and the delivery of the Yuri-2 communication satellite, sales of electronic components and industrial electronics jumped by 25 per cent.

Strong sales of video cassette recorders (VCRs) and microwave ovens, chiefly in the U.S. and European markets, lifted consumer product sales by 10 per cent to account for 29 per cent of the total. Sales of heavy electrical apparatus in general were sluggish, having been affected by curbs on public work expenditure and utility company capital investment.

However, the delivery of nuclear power generation equipment pushed up sales of the sector by 5 per cent to account for 27 per cent of turnover.

For the current year consolidated net profits are expected to reach ¥80bn, up 35 per cent, on turnover of ¥3,900bn, up 23 per cent helped by vigorous sales of electronic products.

This announcement appears as a matter of record only



**E.T.P.M. SERVICES (U.K.) LIMITED**

**£15,000,000**  
REVOLVING ACCEPTANCE CREDIT

Guaranteed by  
**SOCIETE ENTREPOSE G.T.M. POUR LES TRAVAUX PETROLIERS MARITIMES (E.T.P.M.) S.A.**

Managed by  
**BANQUE PARIBAS (LONDON) SAMUEL MONTAGU & CO. LIMITED**

Provided by  
Al Saudi Banque London Branch Banque Française du Commerce Extérieur London Branch  
Banque Nationale de Paris plc Banque Paribas (London)  
Canadian Imperial Bank Group Crédit Commercial de France London Branch  
Crédit du Nord London Branch National Australia Bank National Commercial Banking Corporation of Australia Limited Société Générale (London Branch)

Agent Bank  
**SAMUEL MONTAGU & CO. LIMITED**

May 1984

## Japanese bankruptcies

TOKYO — The number of Japanese corporate bankruptcies in June fell to 1,619 from 1,833 a year earlier, the first year-on-year fall in 18 months. The June total was also down from a record 1,965 in May.

However, the June debts of bankrupt companies totalled ¥113bn up from ¥77bn in May and ¥23bn a year earlier.

Corporate bankruptcies in the first six months of 1984 numbered 10,899 with debts of ¥1,745bn, up from 8,982 with ¥1,270bn in the same 1983 period.

Reuter

## Chinese venture for Mandarin

BY OUR FINANCIAL STAFF

MANDARIN RESOURCES, an investment company which has investments in Hong Kong, Singapore, Malaysia, Canada and the UK, has acquired a 75 per cent equity interest in Goodyear Printing for HK\$9.25 million (£1.18m).

The Mandarin purchase includes all the issued share capital of the Hong Kong-based Goodyear Printing and the assets of Goodyear Printing Press.

Goodyear Printing's main


assets include a printing plant in Hong Kong and a 50 per cent stake in Shenzhen Goodyear Printing, which operates a printing complex in China's Shenzhen Special Economic Zone.

The remainder of Shenzhen Goodyear Printing is held jointly by Shenzhen Light Textile Industrial Corporation and the Guangzhou branch of China National Packaging Import Export Corporation.

Mr Tan Sri Dr Tey Teck Egn, Mandarin's chairman, said his

company was delighted to finalise its first venture in China. He also said the company was very satisfied with the price.

Mandarin owns 21.46 of Blumel Brothers, the UK bicycle manufacturer whose chairman is Mr Ronnie Aitken. Both Mandarin and Blumel are managed by Jenks and Cattell, of which Mr Aitken is also chairman. Jenks is a Wolverhampton-based maker of systems buildings, garden tools and other products. Mr Aitken is also deputy chairman of Mandarin Resources.



**CREDITANSTALT-BANKVEREIN**

**US\$125,000,000**  
Subordinated Floating Rate Notes 1994

For the six months 11th July, 1984 to 11th January, 1985 the Notes will carry an interest rate of 13¼% per annum and coupon amount of US\$333.82, payable 11th January, 1985.

Bankers Trust Company, London  
Principal Paying Agent


**UNION DE BANQUES ARABES ET FRANCAISES — U.B.A.F.**

**U.S.\$65,000,000 Floating Rate Notes 1984-1990**

In accordance with the conditions of the Notes notice is hereby given that for the six-month period 12th July 1984 to 14th January 1985 (186 days) the Notes will carry an interest rate of 13¼% p.a.

Relevant interest payments will be as follows:  
Notes of \$1,000 U.S.\$67.49

**CREDIT LYONNAIS, Luxembourg**  
Fiscal Agent



**Tokyo Pacific Holdings (Seaboard) N.V.**

on July 9th, 1984, U.S.\$85.75

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heikling & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

**VONTOBEL EUROBONDINDIZES**


WEIGHTED AVERAGE YIELDS PER 10 JULY 1984

	13.40	13.58	High	Low	Year's
USS Eurobonds	13.40	13.58	13.59	13.52	13.52
DM (Foreign Bond Issues)	7.54	7.44	7.54	7.56	7.56
	12.72	12.74	13.86	12.80	12.80

Printed by Vötschel & Co Ltd, Zurich - Tel: 010 411 488 7111

**US\$200,000,000**  
**Fuji International Finance (HK) Limited**  
(Incorporated in Hong Kong)

Guaranteed Floating Rate Notes Due 1996



Guaranteed as to payment of principal and interest by  
**The Fuji Bank, Limited**  
(Kabushiki Kaisha Fuji Ginko)

Notice is hereby given that the Rate of Interest has been fixed at 12¾% per annum and that the interest payable on the relevant interest payment date, January 14, 1985 in respect of US\$10,000 nominal of the Notes will be US\$65.21.

July 12, 1984, London  
By: Citibank, N.A. (CSSI Dept), Agent Bank

**CITIBANK**

## Group profits rise by 5% at Mitsubishi Corporation

BY ROBERT COTTELL IN TOKYO

MITSUBISHI Corporation, the Japanese trading house, has announced consolidated net profits of ¥26.8bn (\$1.11m) for the year to March, an increase of 5.3 per cent over the prior year's ¥25.4bn. Group sales totalled ¥15,815bn, a rise of 0.8 per cent.

The results reflect the performance of 67 subsidiaries, and 278 other affiliates included on an equity-accounted basis. Mitsubishi earlier announced net profits for its parent company only of ¥20.3bn.

The parent company accounted for some 95 per cent of group trading transactions, and 76 per cent of consolidated net profits for the year. The major subsidiaries incorporated

in the consolidated financial statements are the group's sales arms in the U.S., Canada, Germany, and Australia.

A breakdown of sales shows the strongest growth in foodstuffs (up 10 per cent to ¥2,370bn) and fuels (up 7.7 per cent to ¥4,537bn). Geographically, Mitsubishi's offshore trade grew 28.3 per cent during the year to ¥2,203bn, while Japanese export, import, and domestic trade shrank by 6.9 per cent, 0.9 per cent, and 1.9 per cent respectively.

Mitsubishi Corporation's consolidated balance sheet at March 31 shows total assets of ¥3,656bn, including shareholders' funds of ¥424.9bn.

## Toyota Motor may join telecommunications project

BY OUR TOKYO CORRESPONDENT

TOYOTA MOTOR, Japan's largest manufacturer of cars, said it is interested in participating in a telecommunications project led by the state-owned Japan Highway Public Corporation (JHPC).

JHPC is leading one of four rival projects to establish a new domestic public telecommunications network in Japan next year, when planned legislation is expected to curb the monopoly franchise of the state-owned Nippon Telegraph and Telephone (NTT).

The JHPC group and the state-owned Japan National

Railways both propose schemes to lay optical fibre cables along their respective nationwide networks.

A third rival, the "Daimi Denren" consortium led by the electronics group Kyocera, has now said it will probably abandon its original scheme to lay optical fibre cables, in favour of a telecommunications network based on wireless transmission networks.

The fourth consortium, led by the Federation of Economic Organisations (Keidanren), is now pressing for greater unity among the contenders.

## DCB tops listing forecast

BY WONG SULONG IN KUALA LUMPUR

Development and Commercial Bank (DCB), which obtained a listing on the Malaysian and Singapore stock exchanges last July, has exceeded its profit forecast by reporting a 41 per cent increase in pre-tax earnings to 45.2m ringgit (US\$19.6m) for 1983.

In its prospectus last July, DCB forecast a pre-tax profit of just below 35m ringgit.


After-tax profits rose 52 per cent to 26.5m ringgit.

The group's total assets rose by 41 per cent to 3.6bn ringgit. Total deposits advanced by 31 per cent to 2.5bn ringgit while total loans and advances increased by 34 per cent to 1.8bn ringgit. The final dividend is 5 cents on DCB's 226m issued shares.

This advertisement complies with the requirements of the Council of The Stock Exchange.

**U.S. \$150,000,000**

**Sanwa International Finance Limited**  
(Incorporated in Hong Kong with limited liability)



Guaranteed Floating Rate Notes Due 2004

Unconditionally and irrevocably guaranteed as to payment of principal and interest by

**The Sanwa Bank, Limited**  
(Kabushiki Kaisha Sanwa Ginko)  
(Incorporated in Japan with limited liability)


The following have agreed to subscribe for the Notes:

Sanwa Bank (Underwriters) Limited	Credit Suisse First Boston Limited
Morgan Stanley International	Salomon Brothers International Limited
Bankers Trust International Limited	Baring Brothers & Co., Limited
Chase Manhattan Limited	Chemical Bank International Limited
Commerzbank Aktiengesellschaft	Creditanstalt-Bankverein
Crédit Lyonnais	Daiwa Europe Limited
Goldman Sachs International Corp.	Hill Samuel & Co. Limited
Kreditbank S.A. Luxembourgise	Lehman Brothers Kuhn Loeb International, Inc.
Samuel Montagu & Co. Limited	Morgan Guaranty Ltd
J. Henry Schroder Wagg & Co. Limited	Smith Barney, Harris Upham & Co. Incorporated
Union Bank of Switzerland (Securities) Limited	Westdeutsche Landesbank Girozentrale

The Notes, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Note. Interest is payable semi-annually in January and July, the first payment being made in January 1985.

Full particulars of the Notes, the Issuer and the Guarantor are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 26th July, 1984 from the brokers to the issue:

**Vickers de Costa (UK) Ltd.**  
Regis House  
King William Street,  
London EC4R 9AR  
12th July, 1984



**The Kingdom of Belgium**

**£100,000,000**  
Floating Rate Notes due 1994

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 10th July, 1984 to 10th October, 1984, the Notes will bear a Rate of Interest of 11¼% per annum. The Interest Amount payable on 10th October, 1984 will be £2843.58 per £100,000 Note.

**County Bank Limited**  
Agent Bank

**U.S. \$30,000,000**



**ZENTRALSARKASSE UND KOMMERZIALBANK-WIEN**  
(Founded as a savings institution by resolution of the City Council of Vienna)

Floating Rate Subordinated Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that in the six month Interest Period from 12th July, 1984 to 14th January, 1985 the Notes will carry an interest rate of 13¼% per annum and the Coupon Amount per U.S. \$5,000 will be U.S. \$337.45.

**Credit Suisse First Boston Limited**  
Agent Bank

This prospectus contains particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Aman public limited company and its subsidiaries. The directors of Aman public limited company ("the Company") have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the directors of the Company accept responsibility accordingly. Application will be made to the Council of The Stock Exchange for all of the Ordinary Shares of 25p each of the Company, issued and now being issued, to be admitted to the Official List. Copies of this prospectus, together with the documents specified herein, have been delivered to the Registrar of Companies for registration.

The application list for the Ordinary Shares now being offered for sale will open at 10.00 a.m. on Tuesday, 17th July, 1984, and may be closed at any time thereafter. The procedure for application and an application form are set out at the end of the prospectus.



## AMARI PLC

(Incorporated under the Companies Acts 1948 to 1981. No 1740768)

# Offer for Sale by Samuel Montagu & Co. Limited

of 12,163,810 Ordinary Shares of 25p each at  
110p per share, payable in full on application.

### Share Capital

The share capital set out below reflects the position after redemption at par, out of part of the proceeds of the Offer for Sale, of the Company's 11 per cent Cumulative Redeemable Preference Shares of £1 each, of which £3,079,000 are in issue at the date hereof.

Authorised	Issued and now being issued fully paid
£9,375,000	Ordinary Shares of 25p each £5,377,508.75
625,000	'A' Employee Ordinary Shares of 25p each 624,990.25
1,250,000	'B' Employee Ordinary Shares of 25p each 1,250,000.00
£11,250,000	£7,252,500.00

The Ordinary Shares, 'A' Employee Ordinary Shares and 'B' Employee Ordinary Shares of the Company rank in full for all dividends hereafter declared, made or paid.

### Indebtedness

At the close of business on 15th June, 1984 the Company and its subsidiaries had outstanding in aggregate bank overdrafts and liabilities under acceptance credits of £9,362,000 of which £7,380,000 was secured, secured term loans of £3,358,000, hire purchase liabilities of £90,000 and leasing commitments of £1,104,000. It also had contingent liabilities at that date comprising liabilities under trade guarantees of £147,000, documentary credits of £425,000 and bills discounted of £294,000. Save as aforesaid, and apart from intra-group liabilities, at the close of business on 15th June, 1984 neither the Company nor its subsidiaries had any loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges, debentures or other loan capital or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or guarantees or other material contingent liabilities.

### Definitions

In this prospectus the following expressions have the following meanings:

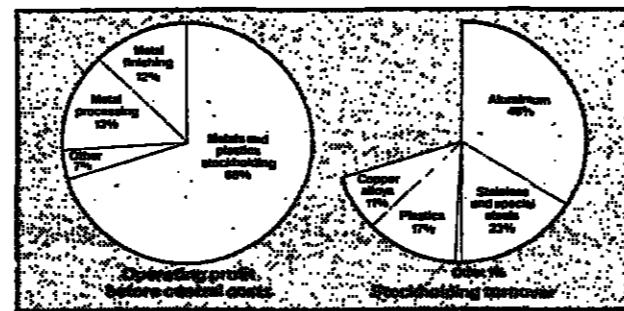
"Aman" and "the Company"	Aman public limited company, or where the context requires, any of its subsidiaries as appropriate
"the group"	Aman and its subsidiaries
"Ordinary Shares"	Ordinary Shares of 25p each of the Company, including, where the context requires, 'A' and 'B' Employee Ordinary Shares
Group companies:	
"Aman International"	Aman International PLC, the principal subsidiary of the Company which was acquired in December 1983
"Aalco"	Aalco Limited and its subsidiaries
"Aman Plastics"	Aman Plastics Limited
"AWSS"	Aman World Steel (Holdings) Limited and its subsidiaries
"AWM"	Aman World Metals Limited
"Century"	Century Aluminum Company Limited and its subsidiaries
"Leavite"	Leavite Limited and its subsidiaries

### Key Information

The following information should be read in conjunction with the full text of this prospectus.

**Business**  
The principal activities of the group are the stockholding and distribution of aluminum, stainless and special steels, plastics and copper alloys, and the processing and finishing of aluminum and stainless steel. The group purchases its materials from international sources and distributes them, primarily through its network of 33 locations in the UK and 9 overseas, to approximately 20,000 customers representing a wide range of industries. The group also has aluminum processing and finishing activities at 10 locations in the UK.

The diagrams below analyse by activity the group's 1983 operating profit before central costs, and show by product the group's 1983 stockholding and distribution turnover, which represented 60 per cent of the total turnover in that year.

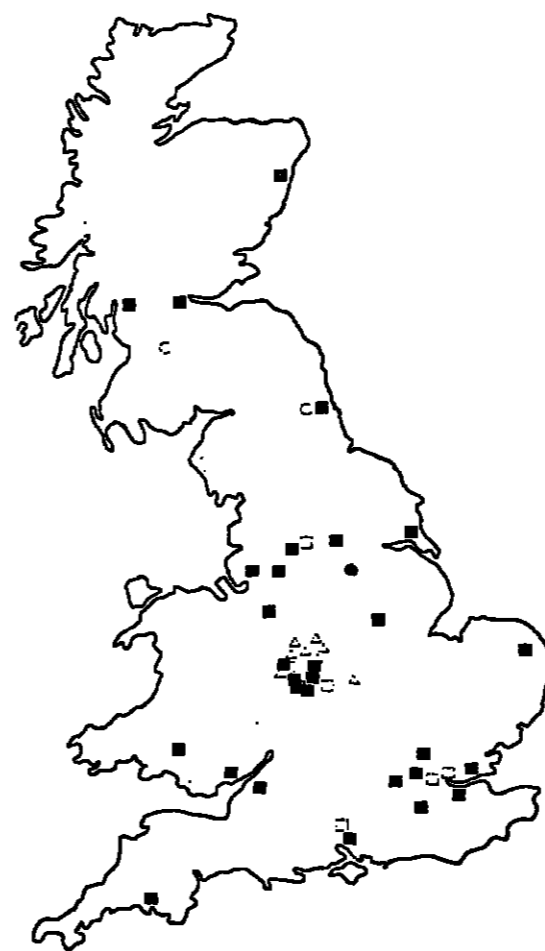


Trading record of continuing activities	Years ended 31st December				
	1979	1980	1981	1982	1983
Turnover	£000 70,584	£000 82,536	£000 90,449	£000 109,558	£000 136,071
Profit (loss) before taxation	2,166	317	(806)	1,504	3,274

Forecast for the year ending 31st December, 1984  
Profit before taxation, not less than £5.4m

Offer for Sale statistics	
Offer for Sale price per Ordinary Share	110p
Capitalisation as the Offer for Sale price	£31.9m
Forecast weighted average earnings per share after estimated tax charge of 40 per cent	12.5p
Price earnings ratio at the Offer for Sale price based on forecast earnings per share of 12.5p	8.8 times
Gross dividend yield based on the indicated level of annual dividends of 4.5p per Ordinary Share (being 6.5p including the associated tax credit)	6.2%
Dividend cover based on the above dividends and forecast earnings per Ordinary Share	2.6 times
Proforma net tangible assets of the group	£20.7m
Proforma net tangible assets per Ordinary Share	71p
Percentage of the enlarged issued ordinary share capital being offered for sale:	
— by the Company	33.8%
— by existing shareholders	66.2%

### Group Locations—U.K.



■ AALCO □ AMARI PLASTICS  
○ CENTURY △ LEAVITE  
● AMARI WORLD STEEL

### Directors and Advisers

DIRECTORS	Chairman
Michael Ward Thomas	Managing Director
Jon Peter Pither	
Brenda Langley FCA	
Albert Roy Merrington	
Alexander Miller	
Keith Piggott	
Christopher John Romer	
Keith Thomas Winterton	

all of Aman House, 52 High Street, Kingston on Thames, Surrey KT1 1HN.

### Secretary and registered office

Colin Joseph Fairman FCIS,  
Aman House,  
52 High Street,  
Kingston on Thames,  
Surrey KT1 1HN.

### ADVISERS

**Issuing house**  
Samuel Montagu & Co. Limited,  
114 Old Broad Street,  
London EC2P 2HY.

**Stockbrokers**  
Kneat & Antken,  
The Stock Exchange,  
London EC2N 1HB.

**Solicitors to the Company and to the Offer for Sale**  
Ashurst, Morris, Cnsp & Co.,  
Broadgate House,  
7 Eddon Street,  
London EC2M 7HD.

**Auditors and reporting accountants**  
Ernst & Whinney,  
Chartered Accountants,  
Becket House, 1 Lambeth Palace Road,  
London SE1 7EU.

**Receiving bankers**  
The Royal Bank of Scotland plc,  
New Issues Department,  
24 Lombard Street,  
London EC3V 9BA.

**Registrars and transfer office**  
The Royal Bank of Scotland plc,  
P.O. Box 27, 34 Fettes Row,  
Edinburgh EH3 6UT.

### INTRODUCTION

The group's principal activities are the stockholding and distribution of aluminum, stainless and special steels, plastics and copper alloys, and the processing and finishing of aluminum and stainless steel. It is the largest independent aluminum and stainless steel stockholder in the UK, purchasing these metals in world markets and selling them through its 33 outlets in the UK, seven in Europe and two in North America. The group is independent of any single producer and the directors believe that this independence, together with its network of locally managed outlets, enables the group to purchase on the best terms and to respond rapidly to changes in customer requirements.

In January 1982 negotiations were commenced by the directors for the purchase of the Company's principal subsidiary, Aman International, from The British Petroleum Company plc ("BP"). These negotiations were concluded in December 1983 when the directors, together with some 250 employees including all key managers, acquired, through the Company, the share capital of Aman International, with the financial support of County Bank Limited, the ICFI division of Investors in Industry plc, Moracrest Finance Limited and The County Council of West Midlands Superannuation Fund.

The directors believe that it is now appropriate to seek a listing for the Company's shares. The 12,163,810 Ordinary Shares now being offered for sale represent 41.9 per cent of the issued ordinary share capital of the Company, of which 9,800,000 are new shares which will raise approximately £1.1m after expenses. Of this sum £3.1m will be used to redeem preference shares which were issued as part of the financing for the purchase of Aman International. The balance of £7.0m will be used for the continued development and expansion of the group's existing businesses, both in the UK and overseas.

### HISTORY

Aman International originated as a tin mining company and became a public company listed on The Stock Exchange in the early 1930's. In the 1960's its control passed to a group of investors who used the company as a base for the development of an aluminum stockholding business. In 1974 Aman International was purchased by Selection Trust Limited, which was itself acquired by BP in 1980.

During the period of ownership by Selection Trust Limited and BP the group retained substantial financial and operational autonomy which enabled it to undertake the expansion of its business in the UK and overseas. In 1978 the group started stockholding and distributing plastics and in 1977 it acquired the Century aluminum extrusion business. This was followed, in 1980, by the acquisition of Leavite, a market leader in metal coating and finishing and, in 1981, by the acquisition of a business engaged in the stockholding of copper alloys. In addition to these acquisitions, the group extended its product range to include stainless and special steels, copper alloys and plastics, and its geographic coverage to include further locations in the UK and new outlets in Europe and North America.

The group has achieved significant growth in the last decade as reflected in the increase in turnover from £17m in 1975 to £136m in 1983, in profit before taxation from £0.6m to £3.3m, and in the number of its distribution outlets from 27 to 42.

### GROUP STRATEGY

The directors believe that the group has successfully developed strategies in the following areas, which when taken together distinguish it from its competitors and which have been the key to its success in recent years:

- **purchasing:** the group aims to purchase its products from both UK and international sources on the best terms available by remaining independent of any single producer, in contrast to some of the group's major competitors which are aligned to particular producers.
- **customer service:** the group aims to enhance customer service by locating its outlets so as to offer local customers the ready availability of a wide range of metals and plastics at prices which benefit from the group's central purchasing ability.
- **operational autonomy:** the group aims to retain the flexibility to respond quickly to changing customer requirements and to identify and exploit new products and markets by allowing its local management considerable operational autonomy.
- **added value:** the group aims to add value to the products it distributes by the processing and finishing of metals using advanced technology where appropriate.

Examples of the implementation of these strategies are given in the description of the group's business.

### BUSINESS

The table below analyses turnover and profit before taxation arising from the group's continuing activities for the year to 31st December, 1983

	Turnover		Profit before taxation	
	£m	%	£m	%
Metals and plastics stockholding	81.4	60	4.1	28
Metal processing and finishing	22.5	17	1.6	65
Merchandising activities	29.0	21	0.3	6
Home improvements	3.2	2	0.1	1
	136.1	100	6.1	100
Net interest payable			(1.5)	
Central costs			(1.3)	
Profit before taxation			3.3	

### Metals stockholding and distribution

The metals stockholding and distribution business of the group which is carried on through the Aalco group of companies, achieved sales of £68m in 1983 from 27 outlets in the UK, six in Europe and two in North America. The majority of outlets are incorporated as subsidiaries in order to emphasise to customers and to local management the autonomy of the outlets, and to generate a local marketing identity. Two separate operators specialise in providing processing facilities covering plate cutting and stainless steel polishing and coating. Processing facilities are also available at a number of other branches.

There is a continuing trend for users to buy from stockholders the principal products which Aalco supplies. This trend arises from the requirement of producers to achieve the economies of scale available from larger minimum order sizes, and from recognition by purchasers of the benefits of using stockholders. These benefits include the release of capital and warehouse staff and space, the ability to purchase exact quantity requirements, the ready availability of a broad range and depth of products, competitive pricing arising from the stockholders' purchasing power, and the technical support that is available from the stockholders' product specialists.

### Products and customers

The metals supplied by the Aalco group are semi-fabricated, in the form of sheets, bars, rods or extrusions, covering aluminum, stainless and special steels and copper alloys. Aalco has some 14,000 customers covering a wide range of industries, and it is not dependent on any one customer or industry for a significant proportion of sales. For aluminum products, major customers include the light and heavy engineering, domestic appliance, construction, shipbuilding and road and air transport industries, reflecting aluminum's versatility, lightness and resistance to corrosion. The bulk of Aalco's stainless steel sales are to fabricators supplying the catering and refrigeration industries, to tool and component suppliers and to the food and chemical processing industries, where the resistant properties of stainless steel are important. Copper alloy sales are primarily to component machinists and the electrical industry.

### Market share

The directors believe that stockholders account for some 25 per cent of UK aluminum sales, with a considerably higher market share in certain products; the share of the stockists' market attributable to the Aalco group has grown from some 12 per cent in 1979 to some 17 per cent in 1983, and it is now the largest distributor independent of any producer. For stainless steel products, the directors believe that stockholders account for over half of UK sales, that the Aalco group has some 10 per cent of this market, and that it is one of the leading distributors. The distribution of copper alloys is dominated by two UK producers but Aalco's market share is significant. The directors believe that Aalco distributes a broader range of metals than many of its competitors which gives it a competitive advantage.

### Purchasing

Over half by value of Aalco stocks are purchased centrally on the basis of requirements notified by the branches and an assessment of the requirements for standard products which are held in the group's central stock facility, located in Birmingham. This enables the group to place large orders with mills and thereby, in the opinion of the directors, negotiate the best terms, and quote prices locally that are competitive at national level. The group uses four principal European suppliers of aluminum and some dozen in total. Local branches are given controlled flexibility in the purchase of specialist materials and products which cannot be ordered efficiently through central purchasing.

### Location and distribution

Aalco operates 27 outlets in the UK, which is more than any other

stockholder and distributor of non-ferrous metals. A typical branch is located in a warehouse of 10-20,000 square feet with ancillary offices...

The number of UK branches has been increased from 23 in 1979 to 27 in 1983, and two new branches are being established in the current year...

New products and markets
Aalco's strong local presence enables demand to be identified and supported at local level, and products to be introduced on a multi-branch or national level...

Plastics stockholding and distribution
The group's plastics stockholding and distribution business is primarily carried on through both Aalco and Amari Plastics...

Products and customers
The plastics distributed by Aman Plastics comprise principally rigid plastics, such as 'Perspex' and 'Makrolon'...

Market share and purchasing
The directors believe that the group supplies some 16 per cent. of the UK market for rigid thermoplastic sheet and section supplied by stockholders...

Metal processing
The metal processing activities of the group are primarily carried out by Century, which in 1983 achieved sales of £18m and operating profit before central costs of £0.8m...

Customers and market share
The physical properties of aluminium make it suitable for a wide range of applications in many industries. Century has in the past concentrated on supplying the architectural, home improvement, general engineering and metal stockholding markets...

Metal finishing
The metal finishing activities of the group are primarily carried out by Leavite, which was acquired in 1980 and is engaged in anodising, electrophoretic painting, and the addition of a thermal break to aluminium extrusions...

Products and customers
The metal finishing activities of the group are primarily carried out by Leavite, which was acquired in 1980 and is engaged in anodising, electrophoretic painting, and the addition of a thermal break to aluminium extrusions...

Market share
Leavite has achieved significant growth in turnover and profit since its acquisition by the group, and the directors believe that Leavite is able to offer the most comprehensive range of metal finishes available in the UK...

Merchandising activities
The merchandising activities of the group comprise the group's activities as a stockholder's stockist, and as a metal trader on the London Metal Exchange as principal and as agent for third parties...

Stockholding
The group's business as a stockholder's stockist is carried out by AWS, which achieved sales of £20m in 1983 and operating profit before central costs of £2.1m...

The metal trading activities of the group are carried out by AWM and by Amari International, and achieved a turnover of £21m in the year ended 31st December, 1983...

Home improvements
The home improvements division, which achieved turnover of £2m in the year ended 31st December, 1983, comprises a supplier of aluminium window and door units to home improvement installers...

The home improvements market represents an important outlet for Century's aluminium extrusion and Leavite's metal finishing businesses. Between 1979 and 1981 the group established three subsidiaries in order to obtain a more significant role in this market...

The share capital of Aalco is under option to its management as described in paragraph 13(i) under "Statutory and general information" below.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Directors
The directors of Aman were all appointed to the board of Aman in September 1983 with the exception of the Chairman who was appointed in November 1983.

Michael Ward Thomas, aged 58, is non-executive Chairman. His working life has been spent with the Selection Trust Group (now BP Minerals International). He was a director of Selection Trust Limited from 1968 to 1982 and a non-executive director of Charter Consolidated PLC from 1972 to 1981...

Keith Piggott, aged 40, is responsible for the group's plastics stockholding activities and is Managing Director of Aman Plastics. He joined the group as a management trainee in 1967 and has been Managing Director of Aman Plastics since it commenced trading in 1976...

Chris Romer, aged 43, is responsible for the group's metal processing activities and is Managing Director of Century. He joined Century when it commenced business in 1970, following several years' industrial and stockholding experience, and was appointed Managing Director in 1980...

Keith Winterton, aged 40, is Managing Director of AWS. He joined the group in 1972 after several years' experience in the steel industry in the UK and overseas and with a company associated to a member of the London Metal Exchange. He was appointed to the board of Aman International in 1979.

Employees
As at 31st March, 1984 the group employed a total of some 1,400 staff. Set out below is an analysis of staff by both activity and function.

Table with 5 columns: Activity, Staff, Production, Value added, Total. Rows include Stockholding, Metal processing and finishing, Home improvements, and Head office.

Some 340 production employees are members of trade unions. The directors believe that the relationship between staff and management is very good and employees are encouraged to take a positive interest in group activities...

Pension and health insurance schemes
Most UK full time employees over 21 and under 65 with more than six months' service, are eligible to participate in one of the group's pension schemes, which also provide members with free life assurance and permanent health insurance...

Employee profit sharing scheme and executive share option scheme
The directors intend to introduce with effect from 1st January, 1985 an employee profit sharing scheme under the provisions of the 1979 Finance Act, to which all full time employees with a minimum period of employment will be entitled to belong...

SHAREHOLDINGS
In October 1983 the directors and some 250 employees, including all key managers, subscribed for shares in Aman in order to finance the continuation of negotiations with BP for the purchase of Aman International, and subsequently subscribed further monies in order to complete the transaction...

Table showing shareholdings for Aman International, with columns for Group, Directors, Employees, and Public, and rows for Shares and Percentage.

As part of the Offer for Sale, the directors propose to offer 483,950 ordinary shares and 1 per cent. of their respective holding of preference shares and the existing institutional shareholders are entitled to 12 per cent. of the shares to be offered.

REASONS

The administrative headquarters of the group are at 21, King's Cross, London, E.C.1, where it also has a central purchasing office at 2, Cannon Row, London. The group has 60 principal operating locations in 17 countries, including 160 branch units, the table below analyses the group's principal operating units and activities.

Table with 3 columns: Activity, 1979, 1983. Rows include Metals and plastics stockholding, Metal processing and finishing, and Other.

Further details of the group's premises are set out in paragraph 4 of "Statutory and general information".

FINANCIAL INFORMATION

The table below summarises the results of the continuing activities of the group for the five years ended 31st December, 1983, further details of which are set out in paragraph 2 of the Accountants' report.

Table with 5 columns: Turnover, Profit (loss) before interest and taxation, Net interest payable, Profit (loss) before taxation. Rows include Metals and plastics stockholding, Metal processing and finishing, Home improvements, and Net interest payable.

The principal component of the increase in turnover over the five years ended 31st December, 1983 has been the growth of the group's metals and plastics stockholding and distribution activities. In particular, the volume of product sold has grown strongly since 1981, reflecting the recovery in UK industrial activity, the growth in the Aalco group's market share, the extension of its range of products and the increase in the number of its outlets in the UK and overseas...

In 1982, the results of the stockholding activities reflected a recovery in sales volumes and the benefits of steps taken in 1980/81 to contain overheads and improve efficiency in these activities. Metal processing margins and contributions improved as a result of industrial recovery and of the measures taken by management to improve production and labour efficiencies. The home improvements division recorded continued losses and was significantly streamlined in 1982 and subsequently.

The improving trend continued in 1983 as sales volumes in the stockholding activities increased, reflecting the benefit of extending the range of products distributed, the establishment of new outlets and the growth in the group's market share. The overseas distribution activities made a worthwhile contribution as they became more established. The finishing activities of the group performed strongly as a result of newly installed production lines and diversification. Overall results were affected by an increase in central costs primarily being provisions of some £0.5 million against losses caused by the closure of an associated company, Ppe-Chem (Holdings) Limited.

Profit forecast

On the basis of unaudited management accounts to 31st May, 1984, subsequent management information and the assumptions set out in paragraph 11 of the further information under "Profit forecast" below, the directors forecast that, in the absence of unforeseen circumstances, the profit before taxation of the group for the year ending 31st December, 1984 will be not less than £5.4m.

Net tangible assets, borrowings and working capital

The net tangible assets of the group at 31st December, 1983 were £13.7m. After taking into account the estimated net proceeds of the Offer for Sale attributable to the Company of £7.0m, after redemption at par of its existing £3,079,000 redeemable preference shares, pro forma net tangible assets as at that date would have been £20.7m, equivalent to 71p per Ordinary Share. At 31st December, 1983 the group had net borrowings of £11.1m. After taking into account the net proceeds of the issue, pro forma borrowings would have been £4.1m, representing a gearing ratio of 0.2 to 1.

The working capital requirements of the group are substantially reduced by the relatively high rate of stock turn that it achieves (over 4 times in the group's stockholding activities in 1983) and by its terms of trade which broadly allows the group's debtors to be financed by its trade creditors. Whilst group turnover rose by 65% over 1979 and 1983, the group was able to finance its working capital requirements from retained profits. The group obtains credit insurance for substantially the whole of its debtors.

The directors are of the opinion that, taking account of available bank and other facilities and the net proceeds of the Offer for Sale receivable by the Company, the group will have sufficient working capital for its present requirements.

Earnings per share, price earnings ratios and dividends

Earnings per share
On the basis of the profit forecast, earnings per share in respect of the year ending 31st December, 1984 would be 12.5p on the basis of an estimated tax charge of 40 per cent. On the basis of a notional full tax charge of 46.25 per cent., earnings per share would be 11.2p.

Price earnings ratios
The calculations of earnings per share are based on the respective profits after tax and estimated minority interests and on 25,050,000 shares, being the weighted average number of Ordinary Shares which will have been in issue in the current financial year.

Dividends
Dividends totalling £212,500 will be paid on redemption of the Company's Cumulative Redeemable Preference Shares immediately following the Offer for Sale and dividends totalling £308,000 have been paid on the existing Ordinary Shares, calculated down to the date of listing. The Ordinary Shares being offered for sale will rank in full for all dividends hereafter declared, made or paid on the ordinary share capital of the Company. In the absence of unforeseen circumstances, the directors intend to recommend a dividend of 2.4p per Ordinary Share (34p including the associated credit in respect of the year ending 31st December, 1984, payable at an interim dividend of 1.1p in November 1984 and a final dividend of 1.4p in May 1985).

In a full year in which a level of profits similar to that forecast for the year ending 31st December, 1984 are earned, the directors would expect to recommend dividends totalling 4.8p per Ordinary Share (6.8p including the associated tax credit payable as to an interim dividend of 2.0p in November and a final dividend of 2.8p in May). On the basis of an estimated tax charge of 40 per cent. this level of dividends would be covered 2.6 times.

REASONS FOR AND PROCEEDS OF THE ISSUE

The directors believe that they and group employees including all key managers, demonstrated personal commitment to the success of the group in purchasing it from BP in 1983, and that it is now appropriate to introduce further shareholders in order to strengthen the group's equity base for future expansion. Potential will reinforce the group's position in the UK and overseas as a major independent metals and plastics business. When the Company is listed on the Stock Exchange its enhanced status will assist in dealings with its suppliers.

PROSPECTS

The group has developed a strong position in its key markets and it already meets the requirements of a broad range of local customers in the UK and increasingly overseas. This has been achieved through a significant expansion of the range of materials distributed by the group, growth in the number of its outlets, and by the identification, development and motivation of management and the encouragement of entrepreneurial attitudes at local level.

The directors intend to expand further the number of outlets in the UK and overseas, in particular in North America, where its existing outlets have demonstrated that the group's strategy of sourcing internationally and distributing locally can be applied successfully. The range of products handled by the group will continue to be developed as suitable opportunities are identified. The directors believe that the profit effect of such geographic expansion and additional products will be substantial, and that the steps taken in recent years to broaden the base of the group's business in this way provide a sound basis for future growth.

The current financial year has started well and the directors are forecasting a substantial increase in profit for the year as a whole. The directors are confident that the strategy, they have adopted will ensure that the group continues to develop profitably in the future.

SENIOR MANAGEMENT

Table with 2 main columns: STOCKHOLDING and METAL PROCESSING AND FINISHING. Each column lists various subsidiaries and their financial details.

ACCOUNTANTS' REPORT ON THE GROUP

The following is a copy of a report to the directors of Aman PLC and to Samuel Montagu & Co. Limited from Eric & Wmney, Chartered Accountants, the reporting accountants.

The accounts are prepared under the historical cost convention modified by the revaluation of freehold and long leasehold properties, and have been audited in the case of Aman by ourselves and in the case of Aman International by Messrs Farrow, Chartered Accountants, and we describe both Aman and its subsidiaries and Aman International and its subsidiaries as 'the group' throughout this report.

We have reviewed the audited accounts of Aman for the period from incorporation to 31st December, 1983 and of Aman International and its subsidiaries for the five years ended 31st December, 1983. These accounts have been prepared under the historical cost convention, modified by the revaluation of freehold and long leasehold properties, and have been audited in the case of Aman by ourselves and in the case of Aman International by Messrs Farrow, Chartered Accountants, and we describe both Aman and its subsidiaries and Aman International and its subsidiaries as 'the group' throughout this report.

HISTORICAL COST ACCOUNTS

The accounts are prepared under the historical cost convention modified by the revaluation of freehold and long leasehold properties. The consolidated profit and loss accounts reflect trading for the period. The results of subsidiaries acquired are included from the effective date of acquisition, and of newly formed subsidiaries from the date on which trading commences. Goodwill arising on the acquisition of subsidiaries is written off against reserves in the year of acquisition. Capital reserves arising on the acquisition of subsidiaries are credited to reserves in the year of acquisition.

- (a) Turnover: Turnover is the amount invoiced for goods and services supplied, exclusive of VAT. (b) Depreciation of tangible fixed assets: Depreciation of tangible fixed assets is provided at rates calculated to write off the cost of acquisition of the assets over their estimated effective lives in equal annual instalments as follows: Motor vehicles - 25 per cent to 33 1/3 per cent. Plant and equipment - 10 per cent to 33 1/3 per cent. Freehold buildings and long leasehold property - 2 per cent. (c) Stocks: Stocks are valued at the lower of cost or net realisable value. Stocks of manufactured goods and work in progress are valued at cost including overheads directly attributable to the cost of production. Cost is arrived at by using the first in first out basis. (d) Deferred taxation: Provision is made for deferred taxation on the liability method except where it is considered that no liability will arise in the foreseeable future. (e) Government grants: All government grants on capital expenditure are accounted for by reducing the cost of the assets concerned. (f) Foreign currencies: Assets and liabilities of overseas subsidiaries are translated into sterling at rates prevailing at the balance sheet date. Exchange differences arising are dealt with as part of operating profit. Foreign currency transactions by UK companies are recorded at the rate ruling at the settlement date.

2. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The summarised consolidated profit and loss accounts of the group for each of the five years ended 31st December, 1983 are as follows:

Table with 5 columns: Notes, 1979, 1980, 1981, 1982, 1983. Rows include Turnover, Cost of sales and overheads, Operating profit, Profit loss on continuing activities, Profit loss on discontinued activities, Profit loss after tax, Profit loss after extraordinary items, Retained profits/losses, Earnings loss per share.

Notes on the consolidated profit and loss accounts

1. Turnover and operating profits: The analysis of turnover between activities and markets is as follows. Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

2. Cost of sales and overheads: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

3. Operating profit: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

4. Profit loss on continuing activities: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

5. Profit loss on discontinued activities: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

6. Profit loss after tax: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

7. Profit loss after extraordinary items: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

8. Retained profits/losses: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

9. Earnings loss per share: Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Automotive, Industrial, Other.

3. BALANCE SHEETS

The balance sheets of Aman and of the group at 31st December, 1983 are as follows:

Table with 3 columns: Aman, Group, 1983. Rows include Fixed assets, Current assets, Total assets, Capital and reserves, Minority interests, Total liabilities.

Notes on the balance sheets: 1. Tangible fixed assets: The tangible fixed assets of the group are stated at cost or valuation less accumulated depreciation, as follows.

Table with 3 columns: Aman, Group, 1983. Rows include Freehold property, Long leasehold property, Plant, equipment and vehicles.

2. The cost or valuation of freehold and long leasehold properties comprises:

Table with 3 columns: Aman, Group, 1983. Rows include Freehold property, Long leasehold property, At valuation in 1983, At cost.

3. Freehold and long leasehold properties are stated at valuation assuming a straight line depreciation over their estimated useful lives.

4. Investment in subsidiaries: Investment in subsidiaries represents the net assets of Aman International and its subsidiaries at the date of acquisition by Aman.

5. Stocks: Stocks and of the group comprise: Raw materials, Work in progress, Finished goods and goods for resale.

6. Debtors: Debtors of Aman and of the group, all of which are due within one year, comprise: Trade debtors, Other debtors, Prepayments and accrued income.

7. Called up share capital: The share capital of Aman at 31st December, 1983 comprised:

Table with 3 columns: Aman, Group, 1983. Rows include Ordinary Shares of £1, Redeemable Preference Shares of £1.

8. On 9th July, 1984 conditional upon the Ordinary Share capital of Aman being admitted to the Official List by the Council of the Stock Exchange, the share capital of Aman was reorganised and further issues of shares were made, as described in "Statutory and general information" of the prospectus dated 11th July, 1984.

9. Reserves: The reserves of Aman and of the group at 31st December, 1983 comprised:

Table with 3 columns: Aman, Group, 1983. Rows include Revaluation reserve, Retained profits.

10. The revaluation reserve represents the difference between the amount at which the investment in Aman International is shown in Aman's balance sheet and the costs of acquisition.

11. Provisions for liabilities and charges: Accelerated capital allowances, Other timing differences, Tax losses.

12. Medium term loans - secured: The medium term loans, which bear interest at a rate related to LIBOR, are repayable by half-yearly instalments of £187,500 commencing in 1986.

13. Bank loans and overdrafts: Bank loans and overdrafts of the group at 31st December, 1983 included secured borrowings of £7,993,000 and unsecured borrowings of £1,126,000.

14. Contingent liabilities: Aman International has guaranteed the bank overdraft facilities for certain subsidiaries to a limit of £8,810,000.

15. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

Table with 3 columns: Aman, Group, 1983. Rows include Depreciation, Current cost operating profit, Earnings per share.

4. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

The statements of source and application of funds of the group for each of the five years ended 31st December, 1983 are as follows:

Table with 5 columns: 1979, 1980, 1981, 1982, 1983. Rows include Sources of funds, Funds applied, Funds generated, Funds generated absorbed by discontinued activities.

1. Sources of funds: The sources of funds of the group for each of the five years ended 31st December, 1983 are as follows:

2. Funds applied: Funds applied for the purchase of fixed assets, for the purchase of intangible assets, for the purchase of investments, for the purchase of other assets.

3. Funds generated: Funds generated from continuing activities, from discontinued activities, from other sources.

4. Funds generated absorbed by discontinued activities: Funds generated absorbed by discontinued activities, from other sources.

5. Movement in net working capital: Movement in net working capital, from continuing activities, from discontinued activities.

6. Notes on the statements of source and application of funds: 1. Acquisition of Aman International: The costs relating to the acquisition of Aman International of £240,000 are included in the historical cost accounts.

2. Issues of shares by Aman International: During the year ended 31st December, 1983, Aman International issued 7,000,000 Ordinary Shares of £1 each to its then parent company, Selection Trust Limited.

3. Trade debtors: Trade debtors of Aman and of the group, all of which are due within one year, comprise: Trade debtors, Other debtors, Prepayments and accrued income.

4. Called up share capital: The share capital of Aman at 31st December, 1983 comprised: Ordinary Shares of £1, Redeemable Preference Shares of £1.

5. On 9th July, 1984 conditional upon the Ordinary Share capital of Aman being admitted to the Official List by the Council of the Stock Exchange, the share capital of Aman was reorganised and further issues of shares were made, as described in "Statutory and general information" of the prospectus dated 11th July, 1984.

6. Reserves: The reserves of Aman and of the group at 31st December, 1983 comprised: Revaluation reserve, Retained profits.

7. Medium term loans - secured: The medium term loans, which bear interest at a rate related to LIBOR, are repayable by half-yearly instalments of £187,500 commencing in 1986.

8. Bank loans and overdrafts: Bank loans and overdrafts of the group at 31st December, 1983 included secured borrowings of £7,993,000 and unsecured borrowings of £1,126,000.

9. Contingent liabilities: Aman International has guaranteed the bank overdraft facilities for certain subsidiaries to a limit of £8,810,000.

10. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

11. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

Table with 3 columns: Aman, Group, 1983. Rows include Capital and reserves, Minority interests, Total liabilities.

Notes on the consolidated current cost balance sheet

Table with 3 columns: Aman, Group, 1983. Rows include Depreciation, Current cost operating profit, Earnings per share.

1. Sources of funds: The sources of funds of the group for each of the five years ended 31st December, 1983 are as follows:

2. Funds applied: Funds applied for the purchase of fixed assets, for the purchase of intangible assets, for the purchase of investments, for the purchase of other assets.

3. Funds generated: Funds generated from continuing activities, from discontinued activities, from other sources.

4. Funds generated absorbed by discontinued activities: Funds generated absorbed by discontinued activities, from other sources.

5. Movement in net working capital: Movement in net working capital, from continuing activities, from discontinued activities.

6. Notes on the statements of source and application of funds: 1. Acquisition of Aman International: The costs relating to the acquisition of Aman International of £240,000 are included in the historical cost accounts.

7. Issues of shares by Aman International: During the year ended 31st December, 1983, Aman International issued 7,000,000 Ordinary Shares of £1 each to its then parent company, Selection Trust Limited.

8. Trade debtors: Trade debtors of Aman and of the group, all of which are due within one year, comprise: Trade debtors, Other debtors, Prepayments and accrued income.

9. Called up share capital: The share capital of Aman at 31st December, 1983 comprised: Ordinary Shares of £1, Redeemable Preference Shares of £1.

10. On 9th July, 1984 conditional upon the Ordinary Share capital of Aman being admitted to the Official List by the Council of the Stock Exchange, the share capital of Aman was reorganised and further issues of shares were made, as described in "Statutory and general information" of the prospectus dated 11th July, 1984.

11. Reserves: The reserves of Aman and of the group at 31st December, 1983 comprised: Revaluation reserve, Retained profits.

12. Medium term loans - secured: The medium term loans, which bear interest at a rate related to LIBOR, are repayable by half-yearly instalments of £187,500 commencing in 1986.

13. Bank loans and overdrafts: Bank loans and overdrafts of the group at 31st December, 1983 included secured borrowings of £7,993,000 and unsecured borrowings of £1,126,000.

14. Contingent liabilities: Aman International has guaranteed the bank overdraft facilities for certain subsidiaries to a limit of £8,810,000.

15. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

16. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

17. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

18. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.

19. Depreciation: Depreciation of the group is expected to give rise to any liabilities in the group's balance sheet.



UK COMPANY NEWS

Bulmer slows down in second half

AS EXPECTED, the rate of profit growth for cider, etc. producer H.P. Bulmer Holdings has slowed, and the figure for the second half shows only a 13 1/2 per cent increase. With the greater advance attained in the interim period, however, the profit for the full year ended April 27 1984 is £2,77m ahead to £16,09m, a rise of 21 per cent.

For the current year, the chairman Mr Desmond Bulmer feels it prudent to expect only limited growth taking the group as a whole, but the high level of capital expenditure will continue and provide for further modernisation of production facilities.

Cider sales volume in May and June this year has been disappointing but it is still too early to judge the full effect of the 47 per cent increase in the Excise Duty will constrain the growth of the UK cider market, and this emphasises the need to seek expansion in other sectors of the business, he says.

However, in the longer term Mr Bulmer is confident that the group will continue to progress through broadening the trading base in the UK and abroad and through improved productivity.

The final dividend for the year is 2.85p to lift the total from 4.2p to 4.9p net. The chairman says in lifting the payment consideration has been taken of the full year costs of servicing the bonus preference shares as well

HIGHLIGHTS

In the aftermath of yesterday's two point rise in base rates Lex looks at the recent turn of events which led up to the increase and the likely progression from here on. Equities meantime continued their slide with the Financial Times 30 Share Index falling another 11 points yesterday. After some persistent speculation of further rationalisation within the British insurance sector, late yesterday Sun Alliance put in a cash offer for Phoenix Insurance valuing the group at £400m. Lex looks at the bid and likely developments before moving on to consider the latest report and accounts from British Steel Corporation which were published yesterday.

as changes in the UK corporation tax structure. The intention is to maintain a progressive ordinary dividend policy with prudent levels of cover. In February holders were given a script of two newly created 8 1/2 per cent preference shares of £1 for every five ordinary held, and received their first dividend on June 30.

Sales in the year moved up from £108,96m to £127,4m, or from £89,38m to £102,78m after Excise Duty, and the operating profit rose by £2,83m to £17,5m with cider accounting for £14.9m (£14,09m), wines and spirits and other drinks £1.44m (£1,7,000), overseas drinks £720,000 (loss £235,000), and pectin £896,000 (£1m).

The success of the Australian operation is encouraging and the proposed acquisition of Red

large part of this supporting the continuing expansion of outlets for keg ciders.

● comment  
The market's reaction to Bulmer's figures — a 23p drop in the shares to 160p — might be seen as a detailed response to the effects of base rate rises on consumer spending. More important, though, was the fine print, showing second half profits from cider proper in marginal decline. This was not at all what was looked for in the heady days of last summer, when the cider market was still growing by 11 per cent in volume and the Bulmer share price was twice what it is now. The industry is talking about a volume rise this year of 5 per cent — partly courtesy of the Chancellor, but also because of growth in cider consumption, though still trending upward, cannot continue at the pace of the last two years. But competition, too, has been hotting up in the half of the market which Bulmer does not control — from newcomers like Cameron and Avana, from imports, and from the Taunton consortium with its strong position in the tied trade. Bulmer might add another £1m to pre-tax this year, but the new preference shares should actually depress earnings, bringing the prospective multiple a shade above the historic 7.5.

Grovebell presses on with £0.4m at midway

A "MOST SATISFACTORY" start to the current year has seen pre-tax profits at Grovebell Group rise from £304,000 to £417,000 in the six months to May 31 1984 and the resumption of the interim dividend after a five-year lapse.

The improvement represents a continuation of the recovery from the losses which reached a low point in 1980, and follows on from the £799,750 profit at the last year end. The restated interim dividend is 0.25p per 5p ordinary share, and already equals the total for last year. It is covered by earnings per share stated as 0.55p (0.52p) basic and diluted.

Turnover of this garages and financial services group almost doubled from £10.6m to £20.5m. The motor and caravan trade added £12.97m (£8,26m) to the total, and the financial services sector £8.55m (£2,41m). The taxable profit breaks down to £157,000 (£148,000) and £197,000 (£90,000) for the respective divisions, and a drop to £63,000 (£66,000) from the parent company.

This continued profitability of the company and its subsidiaries has resulted in an increased tax charge, up from £41,000 to £148,000, as past tax charges are utilised.

Analysing the result, the directors state that the garage subsidiaries continue to achieve records in turnover. The new garage with a Vauxhall franchise at Speke, Liverpool, which commenced trading in September last year is establishing itself in the local market but in the period under review contributed a pre-tax loss which had been anticipated. However, the loss had the effect of masking the increased returns being achieved by the longer established garage businesses.

Brengreen finishes 32% ahead at record £2.4m

AN EVENTFUL 12 months in which Brengreen (Holdings) made a rights issue and met with mixed fortunes on the bid front, has been completed by a 32 per cent advance in taxable profits from £1,58m to £2,44m.

This industrial and commercial cleaner achieved its profits increase in the year to the end of March 1984 on turnover ahead by 22 per cent at £50,64m.

The total dividend on the capital enlarged by last June's one-for-four £5m rights issue is raised by 40 per cent from 1p to 1.4p, with a final payment of 0.7p (0.55p).

Earnings per 10p share are stated as 4.72p (3.64p).

Brengreen's commercial cleaning division in the UK continues to be the group's mainstay operation, says Mr David Evans, chairman.

He adds: "In such an industry as this where contracts are continually changing hands, it is satisfying to confirm that yet again this year we have won substantially more contracts than we have lost — both in number and in value."

"We are well established in the various ancillary markets relevant to the commercial cleaning operation, such as hotel cleaning, store cleaning, industrial cleaning, sports and leisure centres and steam cleaning," he says.

The company has maintained its lead in the field of public cleaning services and now has 16 out of a total of 32 contracts awarded to the private sector.

Mr Evans says: "Tenders are being prepared for further councils at an increasing rate

such that it should not be long before the annual turnover of Exclusive Cleansing Services confirms our view, some years ago, that this is a new, exciting and profitable expansion to our industry."

Since then, Wastedrive, a subsidiary of the recently acquired White Cross responsible for waste disposal, has continued to prosper, while White Cross Equipment will develop faster than expected through the introduction of competitors into the overseas markets, together with the increased exposure with regard to transfer stations in the UK, Mr Evans points out.

At the beginning of 1984 Brengreen acquired 44 per cent of a small cleaning company, to provide its introduction to Malaysia, and in April, it acquired 75 per cent of Ender Cleaning, a substantial cleaning company in Singapore.

"These two companies, coupled with, we hope, a further acquisition in the Far East should enable us to become one of the foremost contractors in that part of the world," the chairman says.

He goes on to say: "Development of our overseas business interests since 1981 has been staggering in relation to Brengreen's overall progress, although in all fairness not as rapid during 1983 as we had hoped. However, our growth is against identified potential markets and projects, and we are therefore dependent, in turn, upon that potential crystallising."

In health care, Brengreen is now responsible for the domestic services at the Medway, Wokingham and shortly Farborough hospitals.

As a result of the DHSS circular issued last September, many regional and district health authorities are now beginning to invite tenders for domestic services from the private sector.

"I anticipate this rate of inquiry to greatly accelerate in the autumn and would expect this to lead to a significant increase in business in 1985-86," says Mr Evans.

● comment  
In one sense, the market's reaction to Brengreen's figures — marking the shares down by 1p to 49p — was very stoical. Back in October, after all, the group's offer for Sunlight had included a dividend forecast of 2p net for the year, barring "unforeseen circumstances." The Chancellor's measures on deferred tax might qualify there, as might — just — the £500,000 costs of the failed bid. But to duck under the forecast by 30 per cent is arguably a little cheeky. That, apart, the figures — allowing for £88,000 written off last year through changed treatment of start-up costs, and the extra £106,000 from the full merger accounting of the White Cross acquisition — are not too bad. One slight worry concerns the quality of earnings in the Middle East, which last year accounted for 21 per cent of pre-tax accounting of the year before, and are expected to carry on growing at a similar rate. Leasing activities are expected — perhaps surprisingly — to keep the tax rate at the same minimal level for the next couple of years. On that basis, pre-tax of £3.5m this year would put the shares on a multiple of 7.

Rotaprint falls as margins are reduced

Following the turnaround achieved in 1982-83 at Rotaprint, reduced profits of £232,000 against £401,000 are described by the directors as "disappointing". They go on to say that export turnover and profitability have been improved this year but that the benefits have been more than offset by the level of trading in the UK and pressure on margins. Thus the stated first priority of significantly strengthening the balance sheet has not been achieved.

The directors are again passing arrears on 1 1/2 per cent cumulative preference and ordinary dividend payments. Basic earnings per 5p share are shown as 0.19p (2.05p) and fully diluted as 0.47p (1.52p).

Turnover of this printing equipment manufacturer moved up from £14.16m to £15.66m.

Pre-tax profits were struck after interest payable of £208,000 (£247,000). Tax amounted to £87,000 (£46,000) leaving net profits of £165,000 (£205,000 after extraordinary £150,000 debt).

At the halfway stage pre-tax losses rose from £35,000 to £165,000.

Amari returns with £32m value

AMARI, the metals and plastics stockholding and distribution group, returns to the Stock Exchange this week with a market value of almost £32m.

That compares with the £2m which employees and institutions paid to buy the company from BP in December 1983, plus around £3m of cumulative redeemable preference shares which will be paid off out of the £10.1m being raised through the issue.

The main metals and plastics stockholding business is conducted through the Alaco group of companies and Amari Plastics.

Aluminium is the most important metal, accounting for 48 per cent of stockholding turnover, followed by stainless steel and special steels, which make up 23 per cent. Plastics and copper alloys account for 17 per cent.

Amari also has two metal processing and finishing companies, the Century aluminium extrusion plant and Leavitt which applies electrophoretic paint to aluminium extrusions to windows and other uses.

The group has broadened its base in a number of ways since

then, widening its range of metals to lessen its dependence on aluminium and expanding its geographical coverage in Europe and North America.

The result has been an improvement in turnover from £109.5m in 1982 to £138m in 1983 and in pre-tax profits from £1.5m to £3.27m in the year to December.

The directors forecast a pre-tax profit of £5.4m for the current year.

Samuel Montagu is offering 12.16m shares as 110p per share, representing 42 per cent of the issued share capital of the company of which 9.8m are new shares raising £10.1m.

The £7m remaining after the preference shares have been redeemed will be used as additional working capital helping to bring gearing down from around 100 per cent to 20 per cent of shareholders funds.

The prospective p/e at 110p per share is 3.8 times and the yield 6.2 per cent.

Kitkat & Aitken are brokers to the issue. Applications close on Tuesday, July 17 and dealings should begin on Monday, July 23.

● comment  
The managing director of Amari, Jon Pither, said the group has "greater defensive qualities" following the difficult period of 1979 to 1981. Amari has broadened its product range and geographical spread. Its aim is to do so further. Amari gains strength from its position of independence from any one producer and sources products worldwide, though the bulk of aluminium and stainless steel is at present sourced in the UK. The UK also accounted for 80 per cent of sales last year, a figure the group would like to bring down to 50 per cent.

The U.S. is its main target, though developments are at an early stage. The group has timed its arrival well after a couple of good years for the aluminium market since its last trough around 1980. Amari is in the cyclical metals business, whatever measures it takes to soften the highs and lows and it is difficult to see how profits will move after the current year's strong improvement. Given that uncertainty, the share price is no snap at 110p — and daring given present market jitters.

Yearlings at £11.5m

YEARLING BONDS totalling £11.5m at 11 1/2 per cent, redeemable on July 17 1985, have been issued by the following local authorities:

Great Grimsby Borough Council £0.75m; East Lindsey District Council £0.5m; Cumbernauld & Kilsyth BC £0.75m; Milton Keynes (Borough of) £0.75m; Ynys Mon of Anglesey BC £0.5m; Dundee (City of) DC £0.5m; Hart DC £0.5m; Sefton Metropolitan BC £1m; Aberdeen (City of) DC £0.5m; Bedfordshire County Council £0.75m; Bolton MBC £1m; Sunderland (Borough of) £1m; Tamworth (Borough of) £0.5m.

£785,000 loss for Helical Bar

CONTINUATION of reduced demand and cut-throat competition has pushed Helical Bar further into the red for the year ended January 28 1984. On top of that, recovery of the misapplied funds (over £119,000) seems improbable and they have been written off as extraordinary items, along with substantial costs incurred both before and after the abortive bid for the company by Exent Corporation.

In the second half the loss of this steel fabrication and stockholding group increased to £435,000, to make £500,000 for the year, compared with £72,000. After a tax credit £24,000 (£12,000) and the extraordinary items totalling £218,000 (£7,000), the loss attributable to members is £785,000 (£67,000). Per share this works out at 19.5p (2.1p).

It is proposed to appoint Mr Michael Slade to the board, subject to the approval by shareholders of a share option scheme. Mr Slade will develop Helical Properties in which he will have a stake of 49 per cent with the rest owned by Helical.

Properties is expected to be profitable within the first year of operation. It will concentrate on site development work and portfolio realisations, but will not require additional finance beyond the company's normal facilities at this stage.

Turnover fell from £7.37m to £6.59m.

It was in February that Helical announced its auditors confirmed that cheques for payments exceeding £119,000 had been drawn for the benefit of persons other than genuine creditors of the group. Criminal charges are still pending against the former chairman, Mr R. D. Tringham, and company secretary Miss E. McHugh. Exent is a group of companies controlled by Mr Tringham.

As regards the current year, the Helical directors are more optimistic, since further re-entrenchment and cost reduction have taken place. The sale of the 49.5 per cent interest in Queenborough Steel has realised £170,000 with a book surplus on investment of £135,000, and a record dividend of £96,000 has been received from Saudi Steel Reinforcements. Both will be taken into the current accounts and an improvement in selling prices will enable the first half results to show an overall surplus.

**An even larger view of Crown House**

**Electrical & Mechanical Services**  
Crown House Engineering provides a complete engineering service both at home and overseas for the construction and manufacturing industries covering electrical, mechanical, instrumentation, systems control and maintenance services. The company operates from 14 branches covering the United Kingdom and some 25% of turnover is performed overseas.

**Tableware**  
Crown House Tableware is responsible for the tableware activities of the group. Its products include *Eatenburgh* and *Thomas Webb* lead crystal glassware, *Demo* machine made glassware and *Derby* fine stoneware. The division operates about 100 shops-within-shops in leading stores in the United Kingdom, and rather more than 30% of turnover is exported, about half of this being in North America.

**Crown House**  
You may not see us but we're there

**3rd Successive Record Year**  
Sales up 14%  
Pre-tax profit up 32%  
Earnings up 43%  
Dividend up 17.5%

Chairman, David L. M. Robertson reports...

- \* All Group companies contributed to the improved profit. The increase in profitability was achieved despite significantly greater expenditure on development of products and markets.
- \* The Group is in a strong position further to develop and diversify its products, activities and technical skills by means of direct investment and acquisition.
- \* A great number of solid achievements have already been made, and we confidently expect further progress in the future.

**RESULTS**

	Three-Year Summary		
	1984	1983	1982
	£m	£m	£m
Turnover	117.8	103.6	82.0
Profit before tax	17.6	13.3	8.6
Earnings per share	32.5p	22.7p	16.5p
Dividends per share	9.4p	8.0p	6.7p

The main demand for the Group's products in the U.K. is created by electrical renovation and reorganisation of homes, commercial premises and industrial buildings. The Group's broadening base includes electronic products, circuit protection equipment and specialist connection and control devices — all part of a comprehensive range of electrical installation materials.

**MK Electric Group**  
Safely installed as market leaders

Copies of the Report and Accounts can be obtained from: The Secretary, M K Electric Group plc, Shrubbery Road, Edmonton, London N9 0EB.

UK COMPANY NEWS

TSL moves into profit halfway

THE BETTER trend shown by TSL Thermal Syndicate in the second half of 1983 has continued into the six months ended April 30 1984. This period has produced a profit of £375,000, compared with a loss of £722,000 last year...

Southern Business makes over £700,000 at midway

BOTH TURNOVER and profits at the taxable level advanced by 30 per cent at Southern Business Leasing in the six months to March 31, 1984. Southern reports that turnover for the period advanced from £2.23m to £2.91m and profits climbed by £164,000 to £710,000...

Daejan rises sharply to £12.8m

A SHARP rise in pre-tax profits from £6.93m to £12.83m has been shown by Daejan Holdings for the year to the end of March 1984. The final dividend of 8.625p net raises the total from 5.75p to 12.5p.

Eleven Taiwan miners saved

RESCUE WORKERS have established contact with 154 miners trapped more than a mile underground in Taiwan's Mei-Shan coal mine, and report by radio that a number of the men are still alive.

Tace achieves strong growth

THE half year to March 31 1984 saw pre-tax profits gaining strongly at Tace, manufacturer of electronic, electrical and mechanical control equipment. The interim result improved from £444,000 to £1,011m, and the directors expect the second year to produce a "useful increase" over the corresponding 1983.

Leopold Joseph maintains final dividend

GROUP PROFIT for the year to March 31 1984 fell to £60,000 from £513,000 at Leopold Joseph Holdings after tax and transfer to reserves.

Pamour Porcupine plans gold mine closures

THE WEAKNESS of the gold price in recent months has forced Pamour Porcupine Mines, part of Canada's Noranda Mines group, to announce plans to suspend operations at three gold mines near Timmins, northern Ontario, laying off almost 400 of its 958 workers.

Malaysian tin outputs

TIN CONCENTRATE outputs for June from the Malaysian mines follow no set pattern largely because of the impact of export restrictions imposed by the International Tin Council.

Cons. Modder dividend

A RETURN to the dividend list with a payment of 15 cents (7.7p) is made by the South African gold-producing Consolidated Modderfontein Mines which was reopened in 1980 under the present management.

COMPANY NEWS IN BRIEF

Onald Group Holdings, a wholly owned subsidiary of Ocean Van der Grinten NV, achieved higher profits before tax of £58,000, against £40,000 in the six months to May 31 1984. The company, engaged in reprographics, achieved the result on turnover ahead at £18.94m (£17.97m).

William Ransom

The gradual recovery which started in the autumn of 1982 continued in the second half of the 1983/84 year at William Ransom & Son, resulting in a higher 12-month taxable profit of £376,000 against £268,000.

TKM growth is delayed by capital restructuring

GROWTH IS still at least a year away for Toler Kemsley & Millbourn (Holdings), the international trading group. The company is in the midst of a major capital restructuring which has helped to produce £6.58m in pre-tax profits during 1983, compared to a loss of £5.34m the previous year.

Moorgate Inv. Trust

After beginning the year with a value of 244.2p, Moorgate Investment Trust achieved an advance to 244.8p by midway, followed by a further rise to 255.5p for the year to the end of May 1984.

Tex recovery maintained

GROUP pre-tax profits at Tex Abrasives more than doubled for the year to March 31 1984. This manufacturer of industrial coated abrasive products achieved a result of £320,746 this time, compared with £137,958.

DIVIDENDS ANNOUNCED

Table with columns: Company Name, Current payment, Date of payment, etc. Includes Breggreen, H. P. Bulmer, Daejan Holdings, etc.

IN BRIEF

Falconbridge's main and original nickel mine, the Falconbridge property near Sudbury Ontario, is to be closed after 55 years of operations. The mine, which recently claimed the lives of four men in a rockfall, has provided the Canadian company with 35m tons of nickel-copper ore over the years from a reserve of 37m tons and was recently providing about 10 per cent of the company's production.

ROYAL CO., LTD. (Royal Kabushiki Kaisha) U.S. \$10,000,000 3% Convertible Bonds due 1999. Notice of Availability of Definitive Bonds.

The Pension Fund Property Unit Trust Total Assets £232 million. Highlights of the statement by the Chairman Mr C.J. Baker. Summary of Results table showing Property Investments at Valuation, Total Net Assets, Revenue before tax, Units in issue, Subscription Price, Distributions per Unit for 1984, 1983, and 1982.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

Table with 10 columns: Year, Ind. prod., Mfg. output, Eng. orders, Retail value, Retail volume, Unemployed, Vacancies. Rows for 1983, 1984, and 1985.

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (€m); balance of trade (€m); exchange reserves.

Table with 10 columns: Year, Exports, Imports, Visible balance, Current balance, Terms of trade, Reserves. Rows for 1983, 1984, and 1985.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector; growth at annual rate; domestic credit expansion (€m); building societies net inflow; HP, net credit; all seasonally adjusted. Clearing Bank base rate (end period).

Table with 10 columns: Year, M1, M3, Bank advances, DCE, BS, HP, Base rate. Rows for 1983, 1984, and 1985.

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); F7 commodity index (July 1982=100); trade weighted value of sterling (1975=100).

Table with 10 columns: Year, Earnings, Basic materials, Wholesale, RPI, Food, F7, Commodity index, Sterling. Rows for 1983, 1984, and 1985.

BREMNER p.l.c.

(General Warehousemen) Turnover Up and Dividend Increased. Extracts from the circulated statement of the Chairman, Mr. J. T. Bremner, for the year ended 31st January, 1984.

Granville & Co. Limited

Table with 5 columns: High/Low, Company, Price Change, Gross Yield, P/E. Lists various companies and their financial metrics.

BIDS AND DEALS

Major Wm. Leech holder spurns £21m Beazer bid

BY RAY MAUGHAN THE BOARD of the Foundation, acting for five charitable trusts, which controls 29.7 per cent of William Leech yesterday decided that it would not accept the £21.45m bid by C. H. Beazer (Holdings) for the north-east-based housebuilding group.

Fenner bid rumour 'unfounded'

BY ALEXANDER NICOLL THE SHARE price of J. H. Fenner, the Hull engineering group which is the target of a bid from Hawker Siddeley, rose 2p yesterday to 146p amid market speculation that Hawker would increase its offer.

Jivraj's Rushlake Invs. increases Rowton holding

MR NURDIN JIVRAJ, the Asian hotelier, has increased his holding in Rowton Hotels in advance of today's shareholders' meeting. Rowton Investments, in which Mr Jivraj has a 50 per cent stake, has bought further 138,900 shares in Rowton taking its interest to nearly 1.1m shares.

BIDS AND DEALS IN BRIEF

Leisure Development has acquired Ragdale Hall Health Centre from S. M. Leisure, a wholly owned subsidiary of the Argus Press Group, for a total consideration of £1m. Tate & Lyle announced today that it has agreed to sell 72 per cent of its present shareholding in Belize Sugar Industries (BSI) to the Government of Belize and other Belizean interests.

BASE LENDING RATES

Table with 3 columns: Bank Name, Rate, and other details. Lists various banks and their base lending rates.

APPOINTMENTS

Hawley to expand in U.S. with \$9m deal

BY ALEXANDER NICOLL Mr Michael Ashcroft's Hawley Group is expanding its already substantial office cleaning business by acquiring a cleaning company active in the north-eastern U.S. for a maximum of U.S.\$9.3m (£7.2m).

Senior posts at Barker & Dobson

BARKER AND DOBSON has made the following appointments: Mr Bill Kenyon, chief executive, has become executive chairman and Mr Paul Stevens, a director, has been appointed group managing director.

W. E. Norton

Mr Stewart Jamieson, who recently stepped down as chairman of W. E. Norton, has sold 15m shares—11.2 per cent of the company—for 4p each to about seven institutional investors.

Amos Hinton

Amos Hinton, commenting on a recent rise in its share price, has said it recently received a request from a party which wanted to discuss a merger, but that there is no assurance that any transaction will take place.

Midsummer

Greene King, the East Anglian-based brewer, has bought an additional 4,000 shares in Midsummer Inns, the real ale brewers, increasing its holding to 87.5 per cent.

Bankruptcy and economic survival

BY A. H. HERMANN, Legal Correspondent THE CONFERENCE of European Ministers of Justice, organised every second year by the Council of Europe, is better known for discussing terrorism, the death penalty, genetic engineering and international organised crime than for giving a lead in the reform of business laws.

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# FINANCIAL TIMES SURVEY

Thursday July 12 1984

## ISLE of MAN

### Important changes are under way

THE Isle of Man is in a state of change. After the banking problems of the past couple of years there are moves to provide a more sound political and economic base.

On the financial front these changes have already taken place and are bearing fruit.

The Financial Supervision Commission, set up to oversee the banking and insurance field, is in place and working to the satisfaction of all, not least to the London authorities who were disturbed at the lack of control over companies operating in the nearest offshore tax haven to the UK.

Industrially, too, there are changes. The island's strong pitch for more industry is being accompanied by imaginative moves: a freeport; a drive to attract people from overseas centres such as Hong Kong.

But it is on the political front that the greatest change is apparent. The Isle of Man is an independent state, though its links with the UK are close. As a Crown Dependency it owes allegiance directly to the Sovereign but in practical matters, such as foreign affairs, defence and tax gathering, Westminster is the dominant authority.

Because of the nearness of big brother in London, the political system that emerged is one more geared to the running of a local authority in the north of England than an internationally-recognised financial centre. Each of the main arms of government—agriculture, finance, tourism and so on—has been responsible only to itself. There was no central co-ordinating body, or person, who could pull all the strands of government together.

By Anthony Moreton

The chairman or members of one board could, and sometimes did, urge one policy in committee and then vote against it when the matter was debated in the House of Keys, the popularly-elected legislature. Those who watched such quixotic behaviour were told that this was "the way we like things done here."

So long as the island was content to remain a "backwater," this did not really matter. But with the decision in the early 60s to reverse the long social and economic decline by seeking international capital and by turning itself into a tax haven, the island joined a different league.

Subsequent developments, which have seen the Isle of Man become an important offshore financial centre, have occurred despite the system rather than because of it. With the collapse of Savings and Investment Bank and the doubts which this cast on the financial infrastructure, it became apparent that the political structure also needed changing.

At last a system of ministerial responsibility is emerging. The need for a figurehead to whom others can report and who can, in turn, insist on more central co-ordination of government is admitted.

Whether such a figurehead eventually receives the title of

prime minister or premier, or whatever, is almost irrelevant, though when dealing with sophisticated financial centres such as Zurich, Wall Street or Hong Kong it is useful for foreigners to know that the man to whom they are talking has clout.

What is important is that the Government should act with corporate responsibility.

#### Viewpoint

At the same time there is emerging on the island a stronger feeling that the links with the UK Government should be reduced to an absolute minimum. There has always been a minority urging greater independence for the island, for it to have a status akin to that of Jersey or Guernsey, but it has always been a minority view. It may still be a minority view but the chances are that if there were a poll about the link there would be a majority in favour of, rather than against, continuing it.

That link is maintained through an arrangement called the Common Purse Agreement. Under the CPA, Britain looks after the island's defence and foreign representation and collects certain revenues on its behalf, such as customs and excise duties, and in return pays back to the island's exchequer a proportion of those dues together with some other incomes. In return, all indirect taxes on the island are the same as those in mainland Britain. VAT is 15 per cent, for instance, and customs' duties are the same.

Over the past five years there has been an easing of this agreement; VAT collected on the island is now paid to the Manx treasury with the exception of those bodies, such as British Telecom, which collect the money centrally. The island has also renegotiated the CPA so that the treaty can be abrogated at three months' notice.

Many in the island now want to serve such notice on the Home Office and they were given

a powerful fillip by Mr Nigel Lawson, Chancellor of the Exchequer, when he levied VAT on take-away meals and some building work in this year's UK budget.

The island view on abrogation has previously fallen into two schools—the industrialists, who were against it, believing it would cut them off from their UK market, and the tourist industry which believed lower duties on cigarettes and drinks would attract more holiday-makers to their declining sector.

The extension of VAT angered islanders because they felt it might be further extended in some way that could be detrimental to their economy and without their agreement. Today, many people believe that the Manx economy is strong enough to stand on its own and does not need any propping up from Whitehall.

One other move, on income from the North Sea, has also helped the abrogationists' cause. Until 1983 the island shared in the taxation of oil wells. But with the abolition of royalties on new wells the island only gets a share of the income from royalties on existing wells. Since it gets nothing from petroleum revenue tax it felt cheated by Westminster's action.

Fishing is another matter which has added a twig to the fire. A report advocating a

12-mile limit, a useful help for another battered Manx industry, has been blocked in London and with the farmers disenchanted by British farm policy, particularly on milk, there is a growing feeling that the moment has arrived to cut some or all of the political links.

Strangely, this political flux has come at a time when the economy is flat and struggling to lift itself. Mr William Dawson, the Manx Treasurer, in his annual review of the national income accounts for 1981-82, the latest available, stated baldly that the island's income per head "remains among the lowest in Western Europe."

Expectations of higher standards of living and improved

provision of public services, he stated, were unlikely to be fulfilled "unless the performance of the economy improves significantly."

Despite that warning, the island has done better than the UK in one respect. Unemployment, which has gone up to around 2,000 in winter, out of a total population of some 60,000, has been considerably lower than in the UK, the winter peak representing some 8 per cent of the working population.

#### Income

Unfortunately, though, both the two main contributors to the economy, financial services and manufacturing, are in decline. After some years of growth, manufacturing's share of national income dropped in 1981-82 to 14.7 per cent from the previous year's 15.5 per cent. And the financial sector only accounted for 22.7 per cent from a peak of 29 per cent four years earlier.

There is also some concern that such growth in deposits as there is is coming much more from non-UK sources rather than from the UK itself. It is felt that non-UK deposits are more volatile and any hint of the reintroduction of exchange control by the British Government would lead to a large and sudden influx of capital from the island.



Castletown, a former seat of government of the Isle of Man, is now a popular venue for tourists

The Isle of Man is an independent state with close links with the UK. It has become an important offshore financial centre, having reorganised its infrastructure after the problems of recent years. The island is also entering a period of political flux.

the report officially allocates it. The report is expected in the autumn and will certainly be accompanied by a shake-up in the lines of responsibility within the financial sector, continuing the changes inaugurated with the setting up of the Financial Supervision Commission.

Dr Edgar Mann, chairman of the finance board, has strong views on how this shake-up might be considered. If he manages to persuade the legislature of his plan then the island will be on course for a change in its main political and financial institutions, which would be a radical step for an essentially conservative country to take.

Although the lessons of the past have been learned in banking, with the satisfactory working of the Financial Supervision Commission, headed by two officials from London, one concerned with banking, the other with insurance, there is still considerable apprehension about what the official report into the collapse of Savings and Investment Bank will say.

The report has already taken much longer—two years—than most people expected and cost some £300,000 against an initial budget of £100,000.

As is the way of the world, all those who can dissociate themselves from it are eagerly doing so, leaving a few to shoulder the blame, even before

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#### MANX INCOME BY SECTOR

	1979-80		1980-81		1981-82	
	£000	%	£000	%	£000	%
Manufacturing	22,155	14.1	24,998	15.5	22,596	14.7
Finance	23,898	21.8	37,289	23.0	34,964	22.7
Tourist industry	18,986	12.1	16,225	10.0	14,671	9.5
Construction	15,081	9.6	15,900	9.8	13,719	8.9
Agriculture	4,060	2.6	3,329	1.4	1,597	1.0
Public admin.	8,619	5.5	11,629	7.2	12,444	8.1
Other services	54,000	34.4	53,312	33.0	53,605	35.0
Total	156,709	100.0	161,502	100.0	153,795	100.0
Net income from abroad	10,297	6.2	14,632	8.4	16,502	9.9

Source: Manx Treasury.

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Under Tynwald, our two-tier parliament, we have enjoyed over 1,000 years' political and economic stability, a fact reflected in our peaceful and ordered way of life.

#### Informality

You'll find we're hardworking, friendly people. We're also very accessible. The encouraging lack of red tape means your plans won't get snarled up and your ambitions won't be frustrated.

#### Accessibility

Just over an hour's flying time from London, the Island's easily accessible. And we have excellent direct telecommunications links with the rest of the world.

#### Space

At 221 square miles, the Isle of Man is about half the size of metropolitan London yet, at close to 65,000, its population is still less than a hundredth of London's. So there's plenty of room for business expansion.

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Address \_\_\_\_\_

Nature of business \_\_\_\_\_

ISLE OF MAN 2

An elaborate new regulatory structure is helping to restore confidence in the financial sector

Banking image starts to improve

Who handles what on the island

- Bank agent for government note issues: Isle of Man Bank... Foreign banks and their subsidiaries: Allied Irish Banks (IOM): 21 Athol Street, Douglas... UK banks and their subsidiaries: Commercial Bank of Wales (IOB): 17 Circular Road, Douglas...

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TWO YEARS have now passed since the Douglas-based Savings and Investment Bank dealt the Isle of Man's hopes of becoming a banking centre an enormous blow by collapsing with more than £40m of depositors' money.

Today, the island's financial scene is still dominated by the fall-out from that fateful event: hundreds of angry depositors who have yet to see a penny are blaming the Manx Government for the failure, hearings on a barrage of lawsuits have barely begun, and, worst of all in many people's view, the full facts behind the whole affair have still not been disclosed to the public at large.

By David Lascelles

But if SIB and the other bank failures that followed could hang like a cloud over Athol Street, Douglas' financial district, for some time, the Government of Dr Edgar Mann has been busy trying to correct the failings that allowed it all to happen: the virtual vacuum in banking supervision has been filled by an elaborate new regulatory structure, and a vigorous effort is underway to clean up the island's image abroad.

By one gauge, at least, public confidence in the Island's 40-plus banks seems to be improving: deposits have been rising strongly, by nearly 50 per cent since the SIB collapse to some £1.7bn, which prompts Dr Mann to claim: "The atmosphere now is one of confidence."

New arrivals

Much of the money seems to be flowing to the big banks, like the local subsidiaries of the British clearers. But Allied Hambro, the UK investment and banking group and one of the few new arrivals, has picked up £4.5m in deposits since it launched its operation three months ago.

"It's much more than we expected," said Mr Calvert Hasard, who runs it.

The Manx Government will not be able to claim, though, that the scandals are a thing of the past. The results of the two investigations—one by seconded Bank of England officials and another by the liquidators of SIB—are published.

The Bank report was completed 18 months ago but is still under wraps, though it is widely believed to be strongly critical of the island Government's handling of banking supervision. The other, which examines the causes of the collapse of SIB and was ordered by the judge hearing the lawsuits, will be presented this autumn.

The Manx Government is under intense pressure to reveal their contents. "We have got to

clean out the cupboard," said a local banker. Even banking officials admit that their efforts to beef-up supervision will lack credibility if the Government seems to be hiding something.

But the Government is in a bit of a cleft stick: its senior members are not only trying to clean up the banking scene, but are also, themselves being sued by SIB depositors.

Among other things, this has made it hard for them to submit to questioning by the investigators. Both reports could, however, be made public by the end of this year.

If the handling of SIB has damaged the island's reputation abroad, it has also left a legacy of bitterness among the Manx population where everybody knows someone who lost money, or lost money of their own.

"If you're honest over here, you seem to be a bit of a mug," complains Mrs Frances Harper, a housewife who lost her life savings of £20,000 and is now the vocal leader of a group of depositors.

The SIB report is expected to make recommendations on ways of tightening up banking regulation.

"We shall take the recommendations seriously," promises Mr Jim Noakes, the former Bank of England official who was appointed banking supervisor after the SIB collapse, "though we are fairly confident that there won't be many that we haven't considered or are in the process of acting on already."

The island's banking act has already been toughened up, and responsibility for banking supervision transferred from the Treasury to a newly-appointed Financial Supervision Commission. New conditions for licences come into force this month, and guidelines are being

drawn up in consultation with the banks covering such things as disclosure, operating ratios and management suitability.

Insurance

From now on, banks must also be audited by accountancy firms with professional indemnity insurance of at least £10m, which effectively rules out many of the smaller firms who scrutinised the banks' books in the past.

Not surprisingly, the big international firms see business opportunities: Touche Ross and Coopers and Lybrand have set up shop in the past year or so, joining Peat Marwick Mitchell who have been there for some years.

"We want to create a framework for supervision so everyone knows what the rules of the game are," says Mr Noakes. Some bankers are, in fact a little alarmed at the extent of the crackdown — "overkill" is a widespread reaction, though as one banker admits, "they are very professional here now."

The new rules are being drawn up in the context of the Basle Concordat, the agreement among international banking supervisors designed to ensure that no bank escapes supervision.

The Isle of Man belongs to the group of offshore banking supervisors who meet under the auspices of the Basle Committee.

One issue that cannot be addressed so long as there are SIB lawsuits against the Manx Government is whether to set up a depositor protection scheme. Officials are worried that any initiative would suggest the government bore some responsibility for the earlier losses, though there seems to be support for the idea, at least among the smaller banks.

The clearers are less enthusiastic — "the best form of protection is good supervision," said one of them.

But if the Isle of Man is striving to fortify the foundations of a flourishing financial services industry, what shape will it take? "We are interested in quality, not quantity," said Mr Noakes. "We want to encourage established license-holders to do more, so we have more depth to the market."

But what with the rapid changes that are taking place in banking, Mr Noakes says the whole definition of a bank is becoming fuzzy. "and I would not regard it as a failure if we did not get more banks, but more fund managers instead."

At the moment the scene is dominated by the UK clearers, headed by the Isle of Man Bank, the subsidiary of NatWest which, with a balance sheet of some £240m is several times as big as its nearest rival, and acts as the Government bank.

But there are limited opportunities for a bank of that size on the island, and only a

quarter of its funds are lent out locally, the rest going into the inter-bank market in London.

"We must ask ourselves what our objectives are," said Mr Mark Sully, director of the new Financial Supervision Commission. "Are banks here just deposit gatherers?"

In fact many of the banks on the island, which include most of the Irish, Scottish and British banks, as well as London merchant banks, use the island as a base to collect offshore deposits, handle expatriates' funds and run trust and fund management businesses away from the UK tax regime. It is a similar market to the Channel Islands. But the Isle of Man is trying hard to differentiate itself: there is more space, costs are lower, and the basis has now been laid for a sound banking system, it is the refrain from civic boosters.

Superior

Mr Charles Cain, a member of the House of Keys and a specialist in international taxation, claims that the Isle of Man company and trust law is superior to the Channel Islands. "We can do things here they can only dream about," he says. Mr Cain believes U.S. banks are showing interest in the island, which would certainly raise its international standing.

In his latest budget, Dr Mann announced that the island would not match the UK in obliging banks to pay interest net of a composite rate of tax. He will also leave capital allowances unchanged to encourage the leasing business. Both moves were small but nonetheless deliberate signs that the Douglas Government intends to protect whatever tax advantages exist locally for banks.

The island's hopes of attracting UK building societies to open local subsidiaries to gather deposits from expatriates founded when the Inland Revenue said the operations would have to be treated as UK companies.

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Anthony Moreton looks at the island's constitution. There are moves to introduce a more representative voting system

Political changes aim for greater executive responsibility

THIS SEPTEMBER the Manx Government plays host to the annual meeting of the Commonwealth Parliamentary Conference, when some 400 leaders and their consorts from around the world descend upon Douglas. They will find a small country—one of the smallest they have visited: last year they were in Kenya—in the process of considerable political change. They could not be arriving at a more interesting time.

The aim of the political change is to introduce a degree of executive responsibility, which has been missing and lacking. There is also, coincidentally, a move to get a more representative voting system introduced.

Two houses

The present constitution encompasses two legislative houses. The House of Keys, comprising 24 members, is elected by direct vote every five years for a fixed term.

The House elects eight members of a Legislative Council of 10, all of whom do not retire together. There are two ex-officio members, the Lord Bishop of Sodor and Man, and the Attorney General who is non-voting.

It has become accepted practice in recent years for the House to elect council members from among its own number but this is not constitutionally



The Manx Government buildings at Douglas

necessary. It could go and has on occasion gone, outside its ranks.

The administrative work of the island is carried out by boards — finance, education, tourism and so on — comprising three or four members. The heads of some, but not all, of these boards have come together again in recent years, to comprise an Executive Council popularly known as Exco.

Finally, the House and the Legislative Council meet together once a month as Tynwald, which is the ultimate parliamentary authority.

There has long been a feeling that this set-up—or parts of it—are outmoded but getting change through the various

bodies has always proved very difficult in the Isle of Man. One of the problems is that there is no political system as such on the island—there are just three Labour members in the Keys—and a member can vote one way in one of the boards, another when the matter comes before the Keys. It has happened.

Tynwald has made several attempts in recent years to correct the over representation of rural voters in the House of Keys.

Keys member Mr Victor Keale, the latest proposer of such reforms which were rejected by the Legislative Council, is to try again in the next session.

The rejected proposals were for a 33-member directly elected Tynwald with eight members plus the non-voting Bishop and Attorney General, forming the Legislative Council.

This proposal was also opposed in the House of Keys, although eventually passed. Now there are suggestions that such sweeping constitutional changes should be the subject of the island's first referendum.

One important piece of legislation which has been accepted, however, is the move to a form of voting by proportional representation.

From the next general election, in November, 1986, the system of the single transferable vote will be used for elections to the House of Keys. This will not necessarily bring in more political parties, since the only other active ones are two concerned with Manx nationalism. But it could, arguably, give a fairer representation

than the present first-past-the-post system.

The most important move in the long-term, though, is the attempt to set up a more central co-ordination of government.

With each of the arms acting independently, Manx decision-making has often been hamstrung and frequently been made to look ludicrous as decisions taken at one stage have been overturned by the same members at a later stage.

There is a school of thought that the heading the various boards should be given "ministerial" appellations. The head of Exco should be "premier," the head of the finance board should be "finance minister," and so on.

For a small country, population just over 60,000, this may sound rather pretentious, but the Isle of Man is trying to live in a world of high finance, mixing with central bankers around the world as it extols its virtues as an offshore financial centre, and it would certainly make sense for Swiss or American bankers to easily appreciate at which level of authority they were dealing.

Eight members

There is also a move to turn Exco into a body with a much greater degree of responsibility. Exco has eight members and a chairman, who is appointed by Tynwald.

Of the eight, the chairmen of the finance and home affairs boards are automatically members, but the other six may represent any of the boards and the case exists at the moment of some of the senior boards not being represented on Exco.

Under proposals now being discussed it is suggested that in addition to a chairman Exco shall consist of the eight boards of finance, home affairs, industry, agriculture, health, tourism, local government and education.

This would comprise the political heavyweights on the island. It is also suggested Exco meets weekly, and that if there is a vote of no confidence in Exco by Tynwald then the entire Exco should resign. This is the core of the matter. Exco would then be forced to act and speak with one voice and both houses of Tynwald would be forced to see it as acting in this way.

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ISLE OF MAN 3

Ian Hamilton Fazez examines the industrial scene

Parity issue worries unions

DOCKERS' STRIKES and a public sector "day of action" have been familiar features of island life this year. The problems have been dismissed as "minor" by the government, but the trade union side sees the latest developments differently.

Mr John Corrin is the Isle of Man branch secretary of the Transport and General Workers' Union. He believes that underlying trends and pressures are already straining the Manx economy and that this year's problems herald a new era in labour relations.

He sees more trouble to come for the island's employers, fuelled by differential wage rates for the same or similar work, low pay, and a growing sense of general grievance about non-existent employment protection laws and poorer working conditions than in the UK.

Mr Walter Gilbey, who as chairman of the island's Whitley Council leads for the government in public sector pay negotiations, says: "Mr Corrin's view is extreme. There is no real problem, just a dispute over pay claims. Anything happening here is tiny and minuscule compared with the UK. There has just been one day of action and a very short strike by 11 dockers."

"This is a small community of quiet, Celtic people who don't like rows. People are either related or friends. There are always some poor employers and some poor workers in any community but I think there are very few of either category in the Isle of Man."

Complacency

To Mr Corrin, this represents complacency. He believes that the spirit of trade unionism on the island is beginning to stir after years of dormancy. There are several reasons why it has not flourished in the past, the principal one being that in a working community of small companies there has been no single plant in which the unions could establish a power base and a core source of income.

Most companies are not unionised at all, including the largest private sector employer, Ronaldsday Aircraft, which has 500 employees. The employers argue that labour relations are good because of this fragmentation of industry and commerce into small units—communications are effective and grievances cannot fester.

Mr Corrin thinks that this has enabled the impression to gain ground that the island has a docile workforce that employers can boss into submission. He thinks this is reinforced by little legal protection, so that workers can be sacked easily if they try to organise themselves.

Generally, the unions are weak through fragmentation and lack of members. The 13 of them represented on the island's trades council but the TGWU dominates with about 3,500 members. It represents many workers who would be claimed by other unions in the UK, such as firemen and public sector manual workers.

This makes Mr Corrin, as the only full-time official on the island, the de facto leader of the union side. He operates from new offices in Douglas opened last year by Mr Moss Evans. What he needs for credibility with non-unionised workers are some victories and there are potential flashpoints where he may win them.

The "holes in the ground" issue, where workers employed by different public sector employers are paid differently for essentially the same work, is one of them. This worked for the water workers in the UK two years ago. Island water workers, who are all in the TGWU, now get parity with UK counterparts but other Manx public employees are paid much less for similar work.

Clearly there is scope for union pressure here, with a potential knock-on effect throughout the public sector.

The issue could be disastrous for Manx public spending policy since the water workers earn up to £20 a week more than the £81.50 Mr Corrin says is what most public sector manual workers get.

Since island electricity workers average £113 a week, Mr Corrin sees years of mileage in the parity issue, and with private sector wages more commonly in the £60-£70 a week range he says that there are many underlying tensions threatening the island's cosy labour image.

Grievance

The dockers' grievance was about parity too. They earned less than their counterparts doing the same job with three more people. The TGWU backed Liverpool operations in support but has less success securing sympathetic action from the railway unions at the Sealink port of Heysham in Lancashire.

Mr Corrin claims three-quarters of the 1,300 government manual workers are members and says that about 600 marched on his "day of action" in support of this year's pay claim. He sees the Autumn meeting of the Commonwealth Parliamentary Association in Douglas as a target for disruption if he needs to apply more pressure.

PROFILE: TECHNICAL OPTICS

Lasers provide the profit

MICHAEL LUNT admits that there are problems in operating out of the Isle of Man. Travelling the world is gruelling, anyway, if you land at Heathrow with jet-lag, if you then have to sit in the best part of a day waiting for connections to get home from London, it can become a debilitating chore.

When he feels like that, however, he counts his blessings. He says that these weigh so heavily on the credit side that nothing would persuade him to run his company, Technical Optics, from anywhere else but Onchan, high on a hill to the north of Douglas.

He says: "Private companies here are assisted with their capital equipment and the direct costs of marketing. In our business you have got to spend a lot of money to be successful. We are profitable and finance most of our investment out of revenue but with capital allowances of up to 40 per cent it's almost like being subsidised."

Coupled with the island government allowing 100 per cent write-off of investment in the first year against already low taxes, the incentives are very attractive to high technology companies such as Mr Lunt's, which makes optical systems for high energy lasers, coatings that allow lasers to function at the fullest possible power and specialised optical instruments.

Expansion

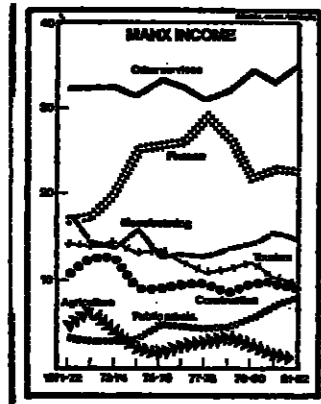
The quid pro quo of this arrangement is employment for islanders and Mr Lunt is happy to pay his dues. His policy is to employ local people only. He has 24 at present and is expanding steadily, though the niche he has in his market will probably not be large enough for him to expand beyond 60.

This is because TecOptics, the name by which the company is best known in its U.S. market, is in an industry dominated by small companies, each managing its own highly specialised niche and usually run by an entrepreneurial owner. He expects to turn over about £1m this year.

The Isle of Man effectively allows him to flourish as an entrepreneurial manager. Significantly perhaps, his seven years' industrial experience of working for someone other than himself was in the U.S. optics industry where people with good ideas are more likely than in other countries to set up to realise them on their own.

Mr Lunt set up in business on the Isle of Man with only £1,000 of capital in 1973. His company is now backed by individuals living on the island and 65 per cent of his output is exported outside the UK, with orders from Holland and Germany picking up much faster than those from the U.S. Expanding markets in industrial, medical, scientific and military lasers promise a profitable future, with drilling, welding and cutting the commercial applications that will fuel growth further.

Since he makes small, high added value components that can be shipped by air freight or sent through the post, the Isle of Man poses no locational problems for his products, only for himself when he flies into London jet-lagged from California. "But we owe the island for what it has given me," he says. "The odd bit of inconvenience is a small price to pay."



PROFILE: KENMAC CONTROLS

The lesson learned from Rolls-Royce

THE COLLAPSE of Rolls-Royce in the early 1970s did Walter Kendall and Terry MacKay a favour by driving home the dangers of having too many eggs in one basket.

The two men were running a small company called Marown Engineering just outside Douglas. It had expanded into aircraft and mining industry components from its original business of making model aero-engines, transferring its precision engineering skills into bigger and more realistically profitable markets.

Rolls-Royce's problems saw Marown suffer an instantaneous drop in orders that threatened the company's survival. Urgently it had to all its machines with other products that would make an equal demand of the workforce's hard-won skills and sell at a price reflecting their high added value.

Thus was born Kenmac Controls, now a world leader in making instrumentation and flow control valves that can be used safely at very high pressures. Kenmac's latest range is safe up to 10,000 psi and with its "normal" range of products tested for continuous use at 6,000 psi, it is hardly surprising that three-quarters of all rigs in the North Sea have something of Kenmac's on them.

Mr MacKay, a design engineer from Liverpool who joined Mr Kendall in 1968, says: "We have earned our reputation by designing for a potential court of enquiry. We won't compromise on price. Safety and quality go hand in hand and cost money."

"Some of our competitors are always trying to find out things about us, so we don't say much about output figures and financial performance. By contrast, we don't worry about them. We have our standards and stick to them. If they want to undercut us, we believe they can only do so long term by compromising in areas where we would not."

Pipeline

"What we always try to bear in mind is that people working constantly near pipelines are getting used to it and the pressure gradually seems less and less dangerous to them. But if one of our valves failed, they might be killed."

This philosophy should see Kenmac and Marown the industry's most successful components for mining and aerospace—to more than £2m of turnover this year, a comfortable level for a small company of 130. The company has prospered, expanded and added new premises during the recession, increasing staff by 10 in the last year and maintaining craft apprenticeships at about 10 per cent of total workforce.

Mr MacKay is now the managing director, while Mr Kendall has retired to become non-executive chairman. The two men own the company jointly

PROFILE: SAILCREST ENGINEERS

Luck and women's skills

ARTHUR BIRD moved his company to the Isle of Man from Southend-on-Sea in 1971 because he could not find enough full-time women workers to keep a factory at full capacity and fill his order book.

Leaving Essex was a wrench—he had been president of the local chamber of commerce—but women preferred part-time work in Southend's television factory, whose managers sent chartered buses around the housing estates to ferry them to work.

New recruits

Ironically, those television jobs are now long gone, while Mr Bird is presently interviewing for his second wave of new recruits this year. Meanwhile, his integration into island life has become complete: he is now in the middle of a two-year stint as president of the Isle of Man Chamber of Trade, Commerce and Industry.

His company, Sailcrest Engineers, is in the "components of components" business, making some of the bits from which electrical suppressors are produced. He has two British competitors and a handful of overseas ones. His wares have found their way into the motors that drive hairdryers, or washing machines, or vacuum cleaners and, he believes, the walkie-talkies of men who walked on the moon.

He exports just over half of his output to the UK and most of the rest of Germany, Malaysia, Switzerland and France. It is perhaps a significant sign of worldwide recovery that Sailcrest's output is now at a record 750,000 components a week and rising—25 per cent up on last year.

His turnover should be about £500,000 this year and his after-tax profits much more healthy than they would have been in Southend, thanks to 20 per cent corporation and personal tax rates on the island. Staff levels will rise to more than 60.

The island's government has helped him to expand continuously since he arrived, with 40 per cent investment grants. There have been three factory extensions and 30 new machines—he designed them himself—to bring the total to 43.

If he wanted to automate, the government would help him do that too, but he is not at that stage yet: there are still enough nimble-fingered women looking for work, even if he has had to buy a charabanc (with low tax rates, it is cheaper than hiring) to bus some of them from Douglas to his factory at Peel on the west coast.

What most of the women do is to insert fine wires into light-weight cores made from carbonyl iron powder or plastics. Tolerances are fine, often as low as four thou. There is a cheerful feel to his factory.

Ten years' service earns an attractive piece of jewellery—a gold chain and medallion, engraved with the wearer's name.

Tiny parts

Mr Bird started a sintered components business in 1954 with 2500, working from a garage. Eventually, he sold out to GKN, buying back the rights to make electronic components, which the giant engineering group did not want.

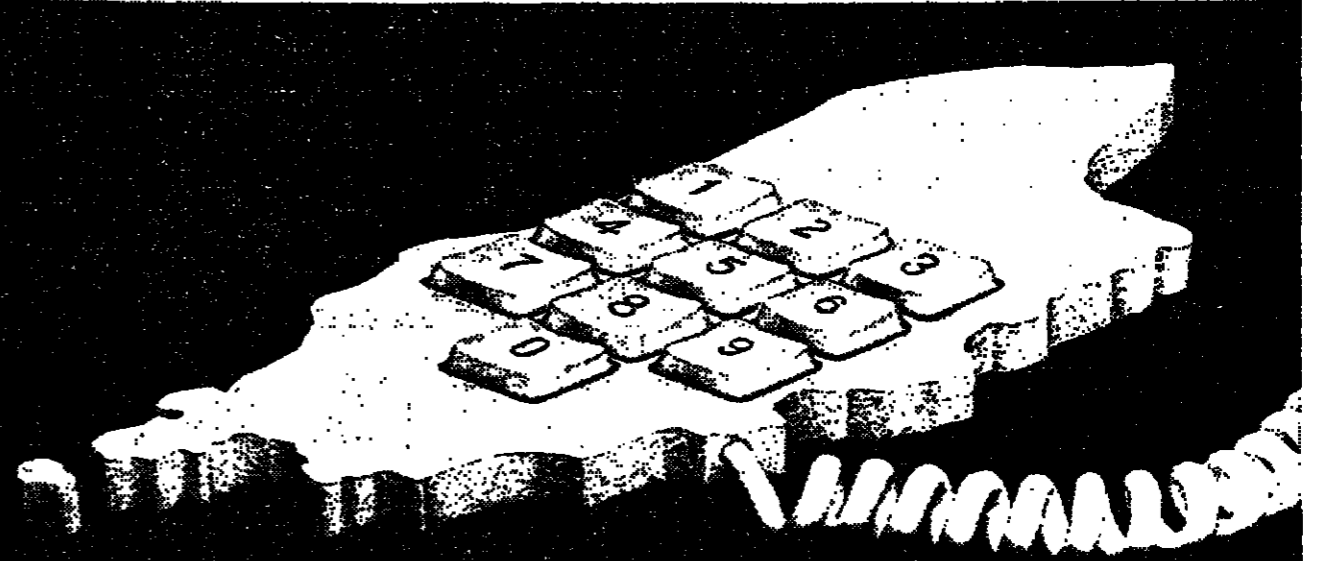
The tiny parts are ideal products for the island because they can be shipped cheaply by air freight or as part loads on a Securicor van.

Luck, Mr Bird says, has been the main factor in his success, though most would probably conclude that a £100 U.S. study tour in 1954, where he was struck by the future significance and uses of powder metallurgy and came home looking for markets, had more to do with it.

If luck played a part it was in 1959 when Mr Bird was ballotted out of Buchenwald in his native Germany after a committee in Welwyn Garden City had raised enough to buy safe passage from the Gestapo for 15 prisoners.

The £4,000-plus per week, with which the bulk of his workers' wages fund the tiny "Feel economy", would just not be there if Mr Bird's name had not come out of the hat.

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ISLE OF MAN 4 Freeport held up by funding differences

ON THE edge of a field next to Ronaldsway Airport, south of Douglas, there is a big sign which says, simply: FREEPORT SITE. It gives, in smaller letters, the name and phone number of the official for potential site users to contact.

In the field, behind the sign, a couple of cows graze contentedly. They are the only signs of activity in what was to have been the first freeport to be launched in the UK and will now almost certainly be the last to come into operation.

The Isle of Man freeport was launched in a blaze of publicity last November as the forerunner of a number to be set up in mainland Britain.

The British Government was then known to be on the point of announcing its own freeport sites after much hesitation and the Isle of Man was anxious to get in first. The British team—six were chosen: Belfast, Birmingham airport, Cardiff, Liverpool, Prestwick and Southampton—were eventually announced at the start of February.

Unfortunately, the Manx lead has been dissipated and while the British six have been working hard to get going by this summer, there are still only few signs that the Ronaldsway site

will have anything on it before the late autumn at the earliest. Partly this is because the announcement of the Manx freeport rather beat the gun; partly, though, it was due to a difference of opinion with the original partner, Rush and Tompkins which has led to the company withdrawing and being replaced by British Land.

One of the reasons for the change of partners has been the wish of the island authorities not to be involved in funding the freeport programme. Rush and Tompkins would have provided the management expertise—it has been associated with freeports in the U.S.—but intended to leave much of the funding to the island Government.

British Land has a different approach on financing the project which will leave a lot less for the Manx Government to fund.

Good site

Although it is some way out of Douglas, the freeport site is a good one. It is next to the airport and across the road from Ronaldsway Airport, one of the island's largest employers. The area is not highly populated but it is easy to draw workers from the nearby Castletown, Port

Erin and Port St. Mary, as well as from Douglas itself 10 miles away.

The site, too, is in its favour. Covering 20 acres there is ample ground for expansion once the early entrants have been satisfied. It has the added advantage, too, of being the only one in Europe in a tax haven.

Such advantages will not be a quick or sure means of success, though. The Isle of Man has sought for years to increase its industrial base and while some textile packaging operations might move into the freeport so far the industrial drive has not proved to be an unqualified success.

The Isle of Man has to overcome all the disadvantages island communities face in expensive transport costs. Links with the UK could also be a lot better.

More important, the UK has placed, for some inexplicable reason, four of its six freeports on the western side of Britain with two of them, Liverpool and Belfast, in what might be called the Manx catchment area. This is bound to put extra pressure on the Isle of Man since it cannot now point to any particular geographic advantages by comparison with the UK.

Any company locating in the island is able to claim attractive benefits. Providing it can show the development does not harm the existing amenities, that the range of products to be manufactured will have a high added-value content and that a good level of profitability is likely an application will get the go-ahead.

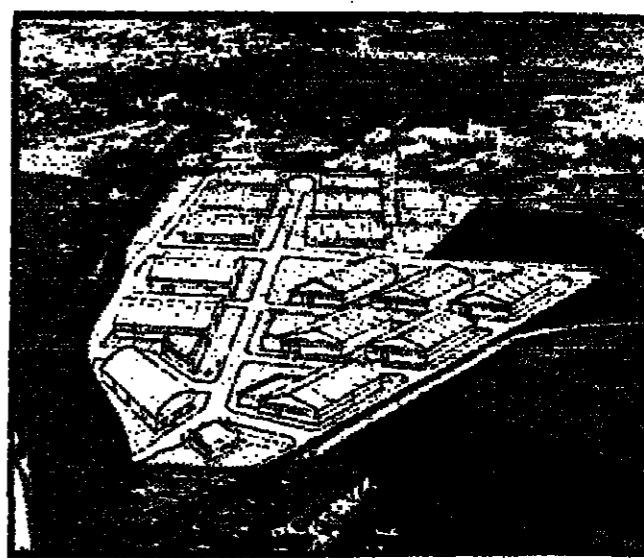
Range of grants

It is then possible to win a 40 per cent grant towards the cost of new buildings or improvements to an existing building and 40 per cent towards all new plant and machinery.

Other grants are then available towards running-in expenses, training costs, marketing for new ventures, energy conservation and towards the cost of employing consultants to advise on methods of applying micro-processing technology to manufacturing processes.

Loans, rent reduction and the low rate of income tax are other incentives which add up to an interesting package on paper. Will all this, though, be enough to overcome the nearby competition?

Anthony Moreton



A plan of the proposed Isle of Man freeport area, next to the island's Ronaldsway Airport, near the capital, Douglas

Manx coinage popular with collectors

EVER SINCE the Manx Government decided to end the right of local banks to issue their own bank-notes and coinage, two policies have prevailed as regards general coinage and the minting of commemorative crown pieces (25p coins) for collectors.

The much-sought commemorative issues have, in most cases, proved profitable for the Treasury. It is rarely that a commemorative coin is seen in general circulation, as the issues are relatively small.

In 1971, 10 years after the first decimal coins were circulated, it was decided to print a 50p note, as well as minting a 50p coin. There were then two Manx Government notes, £1 and 50p, as well as the coins. The 50p note still remains in general circulation alongside the coin of the same value. To these two notes £5, £10, £20, and £50 notes have now been added.

Short life

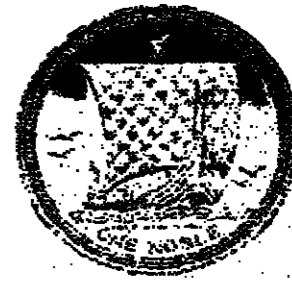
The Treasury became concerned at the short life of the low face value notes. It was found that a £1 note had a life of about nine months, before it was withdrawn from circulation. So, late in 1983, a new £1 note was introduced.

To print this £1 note, Brabury Wilkinson & Co. which has produced all the Manx Government's notes, developed the Tyvek 919 plastic material, in which fibrous polyolefin is specially treated to give the required high quality surface needed for security printing.

These notes are very difficult to tear. Today these higher-value plastic notes are circulating along with the older paper notes which will eventually be withdrawn.

In 1975 the Popjoy Mint produced for the Manx Government the world's first £1 coin. These coins, while they have proved most attractive to collectors, have not gone into general circulation. While in fact a profitable product of the Manx Treasury, a £5 coin was successfully introduced in 1981.

The introduction of the kruggerand, a legal tender 10g gold coin, appealed to investors seeking a hedge against inflation, and paved the way for a similar coin of platinum, since it is a rarer metal and thus likely to be in greater demand. Minting continues they are, in November 1983 the Manx authorities issued the platinum noble, a legal tender coin with a face value of £10, which comprises an ounce of platinum. This coin is minted in association with Ayrton Metals of London, which pays a royalty to the Manx Treasury.



The 1 oz platinum noble, showing a Viking longship in full sail

Demand for this coin around the world is only just beginning, said Dr Mann—"I think this one project alone gives us considerable encouragement for the future and carries the name of the Isle of Man into parts of the world that other coins cannot reach."

Now the project is to be expanded with an entire "family" of Noble coins. These will range from a 10 Noble coin, which will have a face value of £100 probably the highest value coin so far produced, to a one-tenth Noble, which will have a face value of £1. All will be platinum.

Manx coinage has certainly come a long way since Viking coiners hammered out the first coins produced by the Kings of Man and the Isles around 1,000 years ago.

William Clucas

Transport links subject to seasonal changes

ALTHOUGH it is possible that the Vikings arranged regular Longship sailings to the Hebrides when they ruled the kingdom of Man and the Isles, recorded history does not show regular sailings to and from the Isle of Man until 1765.

Then there was a weekly service between the island and Whitehaven, almost certainly run for the benefit of the British troops based in the Isle of Man to end the smuggling through which the Manx people had prospered greatly when the Lordship of Man was not held by the British sovereign.

By 1819, the Isle of Man had its first steamer service, Douglas being a port of call on a service between the Clyde and Liverpool. It seems that roll-on, roll-off, facilities were provided as the fares list includes a charge for the shipment of gentlemen's carriages.

This service, and that of a competitor which started operations in 1822, was a summer-only facility, and it was not until 1826 that the first winter service, a weekly one, which contemporary writers describe as miserable and dependent on weather, not always kind in the winter months.

That did not satisfy the island's needs and in 1830 the

Isle of Man Steam Packet Co. was founded. It still survives as an independent company, largely owned by Manx shareholders, and now with the Manx Government holdings a substantial block of shares.

Over the years it has faced many rivals, and keen competition, but until 1973 had not faced serious competition on all the year-round basis.

The Manx Line started operations with a roll-on roll-off ship carrying passengers and freight on a route between Heysham and Douglas.

This was a route which, before 1981, was served by a summer only passenger service. When this company ran into difficulties, it was taken over by Sealink.

Resources

As Sealink can call on much greater financial resources than the Steam Packet Co., this arrival of a competitor for off-season traffic, around half the year, has caused problems for the Manx Line.

The company had introduced side-loading car ferries in 1962. Today, all its fleet of four passenger ships are of that type. But they can only carry light commercial vehicles, so a roll-on roll-off freight service was introduced.

This operates between Douglas and Liverpool on a five-day-a-week basis. However, this has an enclosed dock terminal at Liverpool, and it would be difficult to establish a suitable terminal outside the docks.

In his latest annual report, company chairman Mr Sydney Shimmin said that plans for a new multi-purpose ship were now fully prepared but when a tender was sought the lowest price was over £20m. That meant that profitability had to be improved dramatically to assure the company's future.

Financial problems arising from the effects of the recession and the keen competition from Sealink has meant that the Steam Packet Co. has had to reduce its passenger service to four ships. Yet a full schedule of summer sailings covering Liverpool, Fleetwood, Ardrossan, Belfast and Dublin is being operated, and the company is running for the first full season

a new and very modern terminal in Dublin.

Commenting on the prospects for this summer's traffic, and it is then that the profits are made. Steam Packet general manager, Mr Ron Kissack, said that because there were no major conferences in Douglas this year he expected a slight decline in passenger traffic, but this could be offset by people booking holidays late.

The package holiday scheme, which the company had operated for some years, was holding its own, and the company was also gaining traffic from the Tourist Board's Everymann package holiday programme, he said.

Freight-carrying to and from the Isle of Man is virtually a one way traffic operation, which means that the import traffic has to be costed in such a way that operating costs are met.

Ever since it was founded, the Steam Packet Co. has carried freight. Parcels were carried on the passenger ships, and they were backed up by mixed traffic and cargo ships for larger items. When the car ferries came into year-round operation, they carried vans which offered a door-to-door service. Now larger vehicles operated by the major companies travel by the roll-on, roll-off service. The company has its own container trailers and operates a groupage service from its large Douglas warehouse.

Sealink started its operations on the Douglas-Heysham service with a saturation pattern of services. Economics have meant that winter services are much reduced. This company has the advantage of operating a multi-purpose ship; the local general manager, Capt Andrew Douglas points out that because they can carry coaches and their passengers, traffic is steadily increasing. He also reports increased demand for the company's package holidays.

On the freight side no groupage service is operated by the company. Along with the rest of Sealink the Manx company, Sealink L.O.M., is at present on sale.

Three small bulk carriers form the fleet of the Ramsey Steamship Co. In normal times they rely on coal for most of

their cargoes, having withdrawn from general cargo carrying some years ago. They carry coal and wheat inwards and barley outwards.

High freight costs on the major shipping company routes have brought two general cargo services able to carry cargo at lower costs. Both operate a scheduled weekly service from Peel to Bangor, Northern Ireland, and both operate largely empty from Peel. The island-based company, Messera, also operates at times to Glasgow Dock, Fleetwood, Glenlight confines itself to the Northern Ireland route.

There is another competitor, Laxey Towing Co, which is proving that the tug and barge concept of short sea traffic is practical. Captain Stephen Carter, head of the company, states that while his main cargo is coal he carries bulk cargoes of scrap iron from the island, and as well as carrying a range of bulk cargoes to the island is now offering to carry general cargo.

Air services have been competing for traffic to and from the Isle of Man since 1934. Now, after the ending of British Airways monopoly, and subsequent withdrawal there are two companies operating scheduled services.

Consortium

Manx Airlines, the larger, is a consortium of British Midland Airways and the British and Commonwealth Shipping Co. It runs services to London, Liverpool, Manchester, Blackpool, Glasgow, Belfast and Dublin. It also operates summer services to Edinburgh and Cork. Freight is carried on passenger aircraft and special freight flights are operated when required.

The company hopes to have a licence to operate to Speersand, which came on Blackpool-based. As part of the scene two years ago, is a larger group, it operates scheduled services to Blackpool and Belfast. It is also seeking a licence to operate to Birmingham, where connections can be made to other services operated by the group.

William Clucas

Benefits for insurance sector

THE MAIN headway in developing the island's financial services has been made in the insurance sector. The Exempt Insurance Companies Act, which enables tax-free profits to be made on risks underwritten on the island, is understandably attractive.

The legislation was designed to attract "captive" insurance companies—subsidiaries of large multinationals such as petro-chemical giants, which need to insure potentially large but highly unlikely risks like refineries blowing up. In time of high inflation it is cheaper for the giants to arrange such cover themselves.

Extensions to the legislation will ensure that life assurance too enjoys similar concessions. In any event, Lloyds Life and Eagle Star are already established on the island. Allied Hambro, which consists of Hambro Life and Dunbar, is in the process of setting up. With the life assurance company waiting for the legislation to go through and Dunbar moving ahead with a fund management company.

Mr Mark Solly, the new director of the Financial Supervision Commission (he replaced Dr Martin Owen, who has joined the

Isle of Man Bank as chief accountant), reports that there are now 11 exempt insurance companies on the island.

The drive to attract life companies, however, is another aspect of the Isle of Man's hopes in expatriates' savings markets.

Mr Solly, an authority on Manx law who has written books on the subject, thinks that this is only the start, however. He says: "If you ask me what would be the most successful operation of run from the island, I would say a trust business. This would basically be a money box operation for the savings of people working or living in unstable parts of the world."

Promotion, administration and investment advice are the three ingredients. Allied Hambro's fund management operation is one example. Another is Roy West, whose office block houses the Financial Supervision Commission as well as the company's Isle of Man branch. Roy West, formed jointly by Royal Life and hte old Westminster Bank, has years of experience of offshore operations and has corporate headquarters in Nassau.

Ian Hamilton Faze

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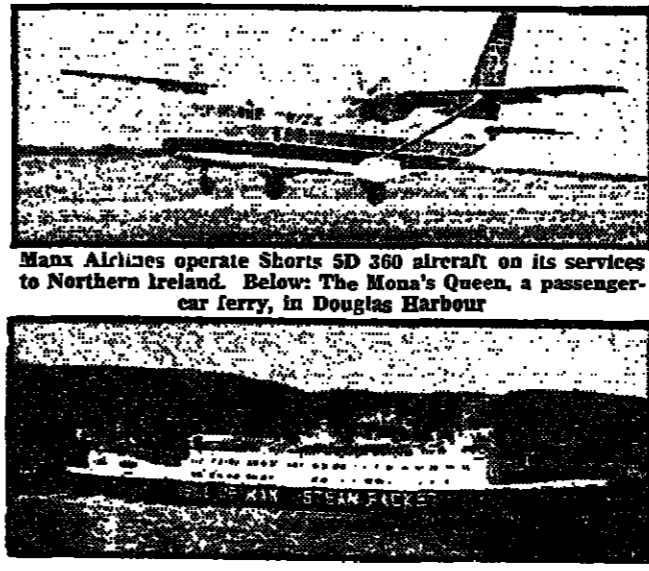
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ISLE OF MAN 5

MANX NOTEBOOK AND BUSINESS GUIDE

**● Tax rates:**  
 Standard rate: 20 per cent.  
 Allowances: Earned income—quarter of first £6,200.  
 Wife's earnings—three-quarters of wife's earned income to maximum of £600.  
 Single person—£1,500; married couple—£2,800; blind person—£480; children—£250 to £350 according to age.  
**● Tax information:**  
 Deduction of tax: where a payment is made to a person not resident in respect of dividends, interest, rent, mortgage interest the rate is 20 per cent.  
 Double tax relief: An individual resident in the island who derives income from sources in the UK may be entitled to "non-resident" relief from the UK tax in respect of part of personal allowances.  
 Companies: Profits are taxed at the standard rate. There is a registration tax of £250 a year for non-resident companies.  
 Capital taxes: none.  
**● Work permits:**  
 Anyone may move to, and live in, the Isle of Man. But to work there, a permit is necessary. This applies to the self-employed with the exception of some people, such as policemen, doctors, dentists and ministers of religion.  
 Work permits will not necessarily be issued unless there is no suitable Isle of Man candidate for a job. The definition of an Isle of Man resident is complicated and should be obtained from the Isle of Man Government at Government Offices, Douglas.  
**● Government offices:**  
 Isle of Man Government, Buck's Road, Douglas, Isle of Man. Tel (0624) 26262. Telex 623612; Code IOMAN G.  
**● Industrial development: companies with land/buildings available:**  
 In the Douglas area (tel area code 0624):  
 Spring Valley Industrial Estate: Isle of Man Industrial Development Co., Douglas, tel. 28484 or 5051.  
 Sionborough Industrial Estate: Fuchsia Homes, 2 Circular Road, Douglas, tel. 29208.  
 South Quay Investments: South Quay, Douglas, tel. 4551.  
 Clucas' Cleaners: Tromode, Douglas, tel. 3961.  
 In the Castletown area:  
 Harriet Industrial: Mrs Waterson, Balhane Industrial Estate, Ballasalla, tel. 823506.  
 In the St John's area:  
 Tynwald Mills: Mr R. Jeavons, Tynwald Mills, St John's, tel. 71213.  
 In the Ramsey area:  
 Riverside Industrial Estate: Cowley, Groves & Co., 43 Athol Street, Douglas, tel. 25888/9, or 48 Parliament Street, Ramsey, tel. 812823/4.  
**● Approved trust companies:**  
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 Barclays Bank.  
 Bank of Scotland Trust Co (Isle of Man).  
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 Commercial Bank of Wales Nominees (Isle of Man).  
 General Accident Fire & Life Assurance.  
 Isle of Man Bank.  
 Isle of Man & National Westminster Trust Co.  
 Kleinwort Benson (Isle of Man).  
 Lloyds Bank.  
 Mamm Trustee Co.  
 Midland Bank Trust Company. Midland Bank Trust Corporation (Isle of Man).  
 Rea Brothers (Isle of Man).  
 Roy West Trust Corporation (Isle of Man).  
**● Stockbrokers:**  
 R. L. Stott & Co, Exchange House, 54/55 Athol Street, Douglas, tel. (0624) 3701/2/3/4; dealing room only, 26933; branch office, 77 Parliament Street, Ramsey, tel. (0624) 812333.  
 Ramsey Crookall & Co, 25 Athol Street, Douglas, tel. (0624) 3171.  
 Buckmaster & Moore, 3 Athol Street, Douglas, tel. (0624) 27134.  
 Chambers & Remington, Victory House, Prospect Hill, Douglas, tel. (0624) 25845.  
 Illingworth & Henriques, Post Office Chambers, Court Row, Ramsey, tel. (0624) 813782.  
**● Insurance brokers:**  
 Alexander & Alexander, 28 Athol Street, Douglas.  
 Ron Ashton Insurance Brokers, 11 Mount Havelock, Douglas.  
 Bowring Tyson, Victory House, Prospect Hill, Douglas.  
 Chandler Hargreaves Whitall, 30 Finch Road, Douglas.  
 Norman Lacey, Bay View Road, Port St. Mary.  
 J. M. Pearson, 68 Athol Street, Douglas.  
 Alan Quiggin & Partners, 31 Buck's Road, Douglas.  
 Rankin Tinsley James (Over-



Manx Airlines operate Shorts SD 360 aircraft on its services to Northern Ireland. Below: The Mona's Queen, a passenger-car ferry, in Douglas Harbour

seas), 43 Athol Street, Douglas.  
 Walter Stott, New Bungalow, Ballagorry Beg, Glen Mona, Maughoid.  
 C. Tarleton Hodgson & Son, Westmoreland House, 32 Circular Road, Douglas.  
 Watkin & Associates, Ballabrookie House, Peel Road, Douglas.  
**● Advocates:**  
 Gordon Bell and Co, 4 Auckland Terrace, Ramsey.  
 T. W. Cain & Sons, 15 Athol Street, Douglas; also at 3 Athol Street, Peel.  
 Callow & Fick, 26 Athol Street, Douglas.  
 Dickinson, Cruickshank & Co., 35/37 Athol Street, Douglas; also at 6A Onchan Precinct, Onchan; Masonic Buildings, Water Street, Ramsey; and Victoria Square, Port Erin.  
 Gelling, Johnson, Farrant, 24 Athol Street Douglas.  
 A. L. Gough & Co, Victory House, Prospect Hill, Douglas.  
 Hyde & Hanson, 36 Athol Street, Douglas.  
 Kelly, Laif, Stanley & Ashton, 16 Athol Street, Douglas; also at Four Roads, Port St. Mary.  
 Kneale & Co, 10 Hill Street, Douglas.  
 M. Moraney, 6th Floor, Victory House, Prospect Hill, Douglas.  
 Richard Penn, Rectory Court, Church Walk, St Paul's Square, Ramsey.  
 A. E. Simcocks & Co, 31 Athol Street Douglas; also at Compton House, Parliament Square, Castletown.  
 E. J. Teare & Co, 27 Athol Street, Douglas.

Building Societies Bill drafted

ALARM BELLS may still be ringing in Whitehall about one type of financial institution which the Isle of Man hoped to attract—building societies. They started ringing last year at the mere suggestion that here was a very important target group to persuade of the island's advantages as a centre for offshore financial services. The building societies' receptiveness to the idea probably made things worse and put the goal beyond reach for the moment. Why the Isle of Man wants the leading UK building societies to help it open up the market for investments by expatriates, particularly British and other European workers earning substantial tax-free salaries in places such as the Middle East. All the evidence is that the building societies see this as an important market too. It is not enough merely to have the institutions themselves on the island; household names such as the Halifax or Abbey National are guarantees of safety, fair dealing and honesty. Without them, the island seems prepared to mark time on the issue. Since the UK Government effectively exercises control through the registrar of building societies, progress is impossible without tacit consent from Whitehall. What stopped consent was the suspicion that UK savers might find ways to save with their building society in the Isle of Man and escape taxation on interest paid. The building societies were willing to submit voluntarily to a prohibition on accepting deposits from the UK but this seems to have been unacceptable for the moment, though the island authorities are hoping that the matter will not be out of the question for all time. Meanwhile, they are making preparations for Manx-based building societies to operate more freely on an international basis. At present they cannot lend money on property outside the island. A Building Societies Bill, now in draft and due to be considered by Tynwald later this year, will remove that restriction, opening up prospects of considerable growth as Manx societies move into international property markets. Ian Hamilton Fazey

A crisis for local radio

THESE ARE troubled times for Manx Radio, the island's subsidised commercial station. Its top journalist-presenter has been made redundant to cut costs, the island's political leaders have forced it to abandon a potentially successful marketing strategy, and its level of subsidy has been cut in real terms over the next five years. With his commercial policy effectively torn up, the general manager, Mr Stewart Waterson, finds it hard to exude much optimism these days. "We are hoping to find a level we can exist on and then that things will improve when the recession ends," he says. However, two of Manx Radio's three directors, successful businessmen appointed by the government to improve the station's commercial edge, have already voted with their feet by resigning. The men put in to replace them are a chartered accountant, who is a director of the Isle of Man Bank, and the island's treasurer, Mr Bill Dawson, which suggests retrenchment rather than entrepreneurialism. Indeed, Manx Radio's spirit of commercial adventure is what has caused the present crisis. It went looking for new advertising markets in pursuit of profits and financial independence and was thus led into what for many islanders was an unforgivable sin. Mr Waterson says: "The island's retail trade has declined by 40 per cent in the last 10 years and there are too few people here. National advertising accounts for only 15 per cent of gross revenue. Even the smaller commercial stations in the UK are managing 45-50 per cent." Market research So when market research by Gallup showed up nearby gaps in the independent local radio network on the UK mainland, Manx Radio went for them. One gap, Lancashire's Fylde peninsula and coast, which included Blackpool, was eventually filled by Red Rose Radio, but the other, the North Wales coastal strip, remained a local radio no-man's-land for geographical and technical reasons. For Manx Radio, only 50 miles away across open sea, it was a 200,000-strong medium wave market. The station opened an office in Colwyn Bay, started selling advertising, and hired a string of freelance reporters to supply North Wales news. Profits followed. But to exploit the new market the station had to split its transmissions. There was "easy-listening" music with news on the hour on medium wave, with local news and current affairs on VHF, for which reception was poor in the hilly north of the island. When coverage of last year's TT races was confined to VHF the row that followed led to a five-hour debate in Tynwald and the clipping of Manx Radio's entrepreneurial wings. It was ordered to concentrate on local services, on medium wave, and was given £150,000 a year, index-linked to inflation, for the next five years. The level of subsidy and the tiny local advertising market are not enough, Mr Waterson says, and economies are inevitable. He himself now heads both programming and administration so as to save staff. And all this at a station with an enviable 85 per cent of the Manx listening audience and the geographical location to outdo Radio Luxembourg in the British Isles — if anyone had the will. Ian Hamilton Fazey

New shipping register

UNLESS there are last minute difficulties, and these are not expected, the Isle of Man will have its own shipping register operating next January. The system will be similar to the registers operated by Bermuda and Hong Kong, and will give the Manx Government wide registration powers. It is six years since discussion which have culminated in this independence were opened with the British Government although ships have been registered in Manx ports since 1894, but have been listed as part of the British register. As the discussions have proceeded, the Isle of Man Harbour Board, which will administer the register, has passed through the Manx Parliament, Tynwald, a code of Maritime Law which will empower the board to apply all present and future international shipping conventions to Manx registered ships. That action makes it clear that there is no intention of allowing the Manx Merchant Navy flag to become a flag of convenience. There is one important proviso in the Manx law. All owners or managers of Manx registered ships must have the principal place of business in the island. That can bring to those companies the benefits of the Income Tax (Exempt Companies) Act, which will give them wide ranging taxation benefits. This legislation also aims to provide employment opportunities ashore and afloat for Manx residents, the Harbour Board already operates a Maritime Office to ensure that Manx seafarers have employment opportunities in Manx registered ships. While the Board intends to appoint its own marine surveyors, some marine survey functions will be delegated to the principal classification societies in accordance with accepted practice. All in all, the developments in merchant shipping registration in recent years are tailored to ensure that an alternative British registry is available within the British Isles which can offer the ship owner or manager who chooses to set up a company in the Isle of Man a degree of flexibility in his operations in a climate of political and industrial stability. William Clucas

Big trouble from the 'little people'

ON THE way in from Ronaldsway Airport to Douglas, there is a bump in the road by which stands a sign saying Fairy Bridge. Visitors to the island are told they must raise their hats to the fairies or untold troubles will arise. The fairies must have been at work on the islanders, too, if the affair of the Castle-town Golf Links Hotel are anything to go by. The hotel is owned by an elderly resident, Mr P. W. Makinson, who, for years, has run the attached golf course too. It is a very good golf course, one of the best in Britain, which a few years ago played host to the senior professionals' match between Britain and the U.S. But Mr Makinson only owned the first and 18th holes, together with the seventh green and the 8th tee. The rest he leased from a local trust at a very modest rent. When his lease ran out last year he was asked to pay a modest increase—and refused. As a result, the course was put up for sale by the three trustees and agents Chrystal Bros, Stott and Kerruish, of Ramsey, which is at the other end of the island from Castle-town, sold it to a company called Beech for £260,000, a modest price for such a course, after first being offered to the members, who also turned it down. The result is that Mr Makinson has a hotel, two holes, a tee and a green on which neither he nor anyone else can play. The new company has 15 holes, some land on which it intends to develop the course and a couple of Portacabins in lieu of a clubhouse. The members have a 15-hole course on which they have, for the moment, to play the last three holes twice to get to the regulation number of 18. And the country has lost one of its finest golf courses. Someone, surely, must have gone over the Fairy Bridge without tipping his hat to the little people? Anthony Moreton

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## TECHNOLOGY

EDITED BY ALAN CANE

## LASER INNOVATION IN MEDICAL EQUIPMENT

## More power for the healing light

BY PETER MARSH

A GROUP of medical workers and academics is trying to strengthen Britain's position in the manufacture of medical lasers.

In separate projects, researchers from the Royal Hallamshire Hospital, Sheffield, and Manchester University plan to develop two systems for novel applications in hospitals, to treat cancer and skin ailments.

The groups have applied to the Medical Research Council and the Department of Health and Social Security for cash to build the hardware, which would be based on dye lasers that can be tuned to a range of frequencies in the infrared and visible parts of the spectrum.

Backing for the initiative has come from Lambda Photometrics, a company in Harpenden, Hertfordshire, that imports laser hardware. The company says it may produce commercial versions of the system for cancer treatment if the development is successful.

## Joint venture

Lambda Photometrics has already made one effort at stimulating a stronger British presence in medical lasers, most of which are made overseas. A few months ago, it set up a joint venture with Edinburgh Instruments, a laser company associated with Heriot-Watt University, to make medical equipment based on carbon-dioxide lasers. This venture plans to make its products at a factory in Livingston, Scotland.

Workers at the Royal Hallamshire Hospital plan to develop hardware for cancer treatment that would be based on lasers sold by a U.S. company, Lexel

of Santa Clara, California. These machines, tunable dye lasers pumped by a separate argon laser, are mainly for scientific and industrial applications, for example cutting up chunks of metal in factories.

The Lexel hardware delivers light only of about 3W. For the application that the Sheffield workers have in mind, treatment of cancer of the bladder using a technique known as photoradiation therapy, doctors require at least double this power.

To achieve this, the group at the Sheffield hospital plans to fit two Lexel lasers together, so producing a more intense output. Other work in the development programme would adapt the hardware to safety requirements for hospitals. For example, engineers would have to add apparatus to monitor the laser's output and to minimise stray radiation.

Mr John Stamp, of the medical physics department at the Royal Hallamshire Hospital, says a commercial version of the medical system could cost about £70,000. This is compared to roughly £30,000 for an ordinary dye laser based on an argon device. The Sheffield Research Council for £85,000 to cover the cost of building a prototype plus clinical trials.

In photoradiation therapy, the patient is first injected with a drug based on a mixture of chemicals called porphyrins. These chemicals lodge in cancerous cells; when the tissue is irradiated with light of the right wavelength, poisons are released to destroy the malignant growth.

The problem is to find lasers that offer both a suitable wavelength—the porphyrins experimented with so far are mostly

susceptible to light at around 600 nanometres—and a high enough power. The second requirement follows from the high doses needed in this kind of treatment. If low-intensity lasers are used, the patient has to remain in some discomfort for several hours while the laser light is transmitted, usually via a fibre-optic wavelength, to the relevant organ inside the body.

Sheffield doctors, for example, have calculated that to irradiate a diseased bladder in this way would take one hour, assuming they could find a suitable laser that operates at 13W. With lower-powered devices, the patient would have to put up with a longer spell in the treatment room.

Photoradiation treatment involving lasers is still in its infancy. Physicians at King's College Hospital, London, and the Royal Southants Hospital, Southampton, have already tried out the technique. A third group, at St Mary's Hospital in London, has applied to the Medical Research Council for funds to apply the procedure to cancers of the head and neck.

## Flash

In the second development project on the starting blocks, physicists at Manchester University want to adapt for use in hospitals a laser they have already built for scientific applications. The machine is an other dye laser, but it gains its energy from photons emitted not from an argon device but from a high-powered flash lamp which is far less complicated and expensive.

In theory at least, this makes a flash lamp-pumped dye laser relatively inexpensive. Dr Terry King, one of the Manchester workers, thinks a medical system of this kind could sell for about £25,000.

Any products arising from the development, which the physicists have asked the Department of Health and Social Security to fund, will be sold through Vuman, a marketing company set up by the university.

The Royal Hallamshire Hospital is also involved in this project, having agreed to provide technical support.

Doctors envisage for the laser pumped by the flash lamp applications in dermatology, or the treatment of skin disorders. For example, light from the machine

could remove birth marks or heal lesions. It does this in two ways—either by vapourising tissue or, more subtly, by interacting with the molecular structure of cells to remove selectively defective cells.

The Manchester machine could, say medical workers, be most effective in treatments that involve the latter mechanism. The laser can be tuned over wavelengths from 400 nm to 700 nm. Thus doctors could experiment with different spectral bands to see which produces the best results with different kinds of skin ailments.

A further novelty is that the Manchester laser produces a rapid succession of light pulses each lasting no more than a few microseconds. Doctors think that this mechanism may produce less damage to the skin than other lasers that emit radiation in a continuous burst.

Doctors at a Sheffield hospital plan to harness lasers in a novel application to treat disorders of the uterus. Dr David Fenton is seeking funds to start a trial in removing the endometrium, the lining of the uterus, simply by directing at it light from a neodymium-YAG laser.

Hospital workers would apply the technique in cases where the lining has to be removed on medical grounds. In the absence of alternatives, surgeons faced with this problem are forced to take out the whole uterus.

In theory, the operation with the laser could take only a few hours. A hysterectomy in contrast, requires a lengthy spell in hospital for recuperation. Doctors in the U.S. have already experimented with the treatment.

In the technique, medical workers would direct the laser light into the uterus via optical fibre. They would fire a controlled burst of radiation at the offending tissue, destroying it by vapourisation.

Dr Fenton says he needs £100,000 to pay for a two-year trial. The cash would include £40,000 for the laser. He is looking for alternative sources of funds after the Medical Research Council turned down his application.

The project would extend the use of lasers at the Northern General Hospital. Doctors there have built up expertise in using the devices as a supplement to the surgeon's knife, for instance in applications in gynaecology.

## MANUFACTURING

## 'No conflict between price and quality'

BY GEOFFREY CHARLISH

A PLEA that the western world's management should re-examine their attitudes to manufacturing has been made by Mr Thomas Gunn, manager of computer-integrated manufacturing (CIM) at Arthur D. Little, the U.S.-based technology consultancy.

CIM is the co-ordinated and linked application of computers to the complete process of design and manufacture, embracing computer aided design, engineering and manufacturing (CAD/CAM/CAE), robotics, flexible manufacturing/assembly systems and automatic testing.

Gunn believes too many companies still think that quality products and low cost products are at opposite ends of the manufacturing spectrum. But the Japanese have proved it is possible to be a high quality, low cost producer. They have dramatically changed their manufacturing image in less than three decades and the application of new technology on the shop floor has played an important part.

Nevertheless, in the U.S. the cost structure of industry is changing, with labour forming a decreasing percentage of total manufacturing cost.

This places, Gunn says, added importance on designing the product optimally and on the functions of quality assurance, purchasing and material control.

The computer is gradually gaining ascendancy in U.S. manufacturing. A. D. Little estimates that today 25 to 30 per cent of the total computing power in the average manufacturing company is devoted to design and manufacturing. Gunn thinks it will have risen to over 50 per cent within eight years.

"But it is essential," concludes Gunn, "that a company's manufacturing strategy should support its business strategy."

"A critical first step in the process is to create an awareness among senior management of the strategic benefits CIM can deliver, and how CIM can be used to change the company's basis of competition in an industry or market."

Gunn was speaking at the ADL Fifth Biennial Executive Forum where some 300 international business executives had gathered to hear 150 experts in the field.

unit said the technique represented "an enormous opportunity" for the manufacturing community in the U.S. to increase its productivity and competitive position in world markets.

It was an embryonic technology, yet it constituted a \$25bn market in 1982 in the U.S. Its growth rate however — about 14 per cent compounded — will expand the market to \$100bn by 1992.

Dr Gerald J. Michael, reviewing robot technology, said that four classes could now be clearly distinguished: those that merely repeated a sequence of actions; those that could "play back" what they had been taught; those that performed tasks as demanded by numerical control data; and those with sensory intelligence, able to modify their actions in accordance with what they had sensed.

Dr Michael concluded that in the future, robotics will be largely a software industry. Many vendors are trying to develop "user-friendly" high level programming languages. He suggested that increasingly the robot will be perceived in the way a machine tool is at present. Furthermore, increased computer activity will allow more decision making and data base interrogation. In other words, robots will be able to behave much more independently.

In the area of flexible manufacturing systems, Clifford Young was convinced that investment should be considered as a strategic decision with broad implications for competitive positioning rather than a tactical one with only financial implications.

He saw too much pre-occupation with break even points, payback times, return on investment and discounted cash flow.

Young's view is that the strategic benefits of FMS — such as increased flexibility and reduced production lead times — can contribute far more significantly to corporate success in world markets than the financial savings it generates.

Thus, he concludes, all inputs need to be included in the capital budgeting model, even if this means attaching a hypothetical value to a given qualitative benefit.

## Maintenance

## Corrosion coating from NKK

NIIPPON KOKAN (NKK), the Japanese steel giant, has developed a means of applying anti-corrosion epoxy-based mastic coatings to offshore and other marine structures, even when they are submerged.

The company will not reveal the formulation, but it has been experimenting since 1974 using model structures constructed off the coast from its works in Fukuoka.

After cleaning the pipe, a fibre-reinforced plastic shell is bolted round it and sealed off. Then, the epoxy is pumped into the annular space so that, after setting and removal of the shell, a protective layer of 5mm to 10mm is left.

NKK says the coating provides excellent corrosion protection with high resistance to the permeation of sea water even after long term exposure. The adhesion to steel is said to be good, while high impact resistance prevents cracks or scaling.

The installation framework is lightweight and is easily handled in the field. Furthermore, the mastic will harden underwater, even at low temperatures. More on 01 628 2161.

## Machining

## Helical component cutter

HOLROYD MACHINE TOOLS and Rotors of Rochdale has developed a 280 microprocessor for the control functions in its latest machine, the Holroyd SE, designed to make helical components for use in screw compressors and pumps.

The micro controls all four operational axes: work spindle rotation, longitudinal work traverse, depth of cut, and the angle setting of the cutter to produce the required helix angle.

CNC data is entered on machine-mounted keyboard and is checked for limit credibility from the memory. Program data for a particular component is then held on a cassette tape for use as needed.

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## CAD A Valid offer

EARLIER THIS month, U.S.-based CAD company Valid International said it would give a free workstation to any university or polytechnic purchasing one of its Scaldsystem or Scaldstar equipments during 1984.

These systems provide design layout and high-speed validation of microprocessors, peripheral or any other very large scale integrated (VLSI) semiconductor chip.

The company says its offer will effectively double the hardware and software resources available to any college buying a system. At the same time the company has announced a lower cost workstation for computer aided engineering in electronics. Priced at \$20,000, Scaldsystem 4 has powerful graphic editing for performing schematic capture, timing and logic verification and system documentation. Interestingly, it will also perform business tasks such as budgeting, word processing and technical publication work.

## Telecoms Fault reporting system

BRITISH TELECOM'S London South area repair service control centre has installed a Northern Telecom Loop Reporting System (LRS).

An on-line, minicomputer based system, the LRS automates the administration, reporting and testing of subscriber lines.

By November it will support 80 control centre operators and administer customer records and fault reports for 600,000 telephones according to British Telecom.

The system was custom designed for the UK network capital budgeting model, even if this means attaching a hypothetical value to a given qualitative benefit.

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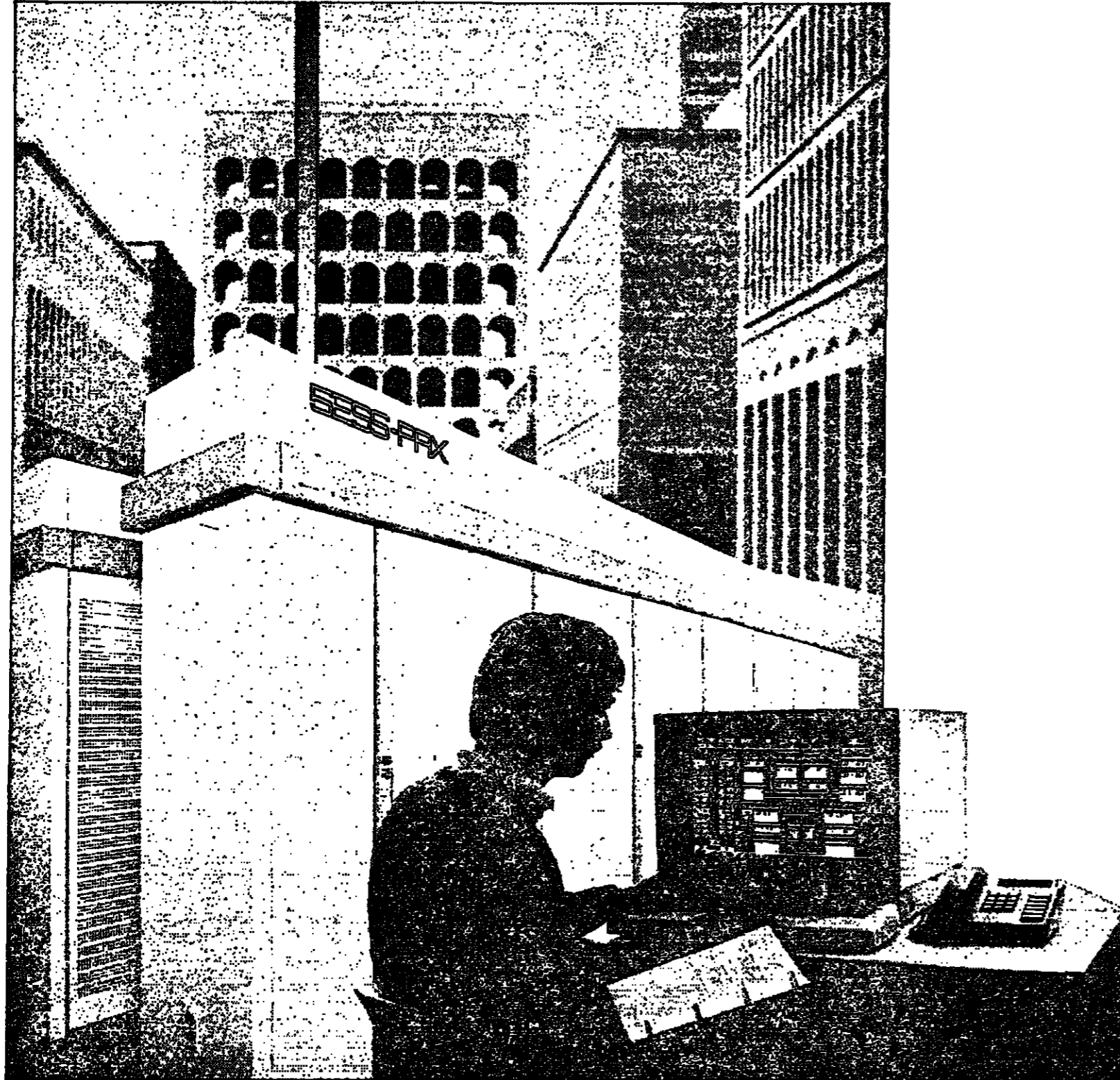
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This networking capability is fundamental to the system architecture. The switch is essentially a series of powerful independent switches within a wider digital switching architecture. Fibre optic links are used to interconnect these switching modules. System elements can, therefore, be collocated or dispersed: the system being 'transparent' to physical location. Remoting is intrinsic to the system. And even if

the umbilical link is cut the switch module remains self-sufficient and can still maintain direct trunking connections to other exchanges.

Up to 4,000 subscribers can be connected with just one self-sufficient remote switch, rising to 10,000 when clustered with others. Powerful VLSI microprocessors perform 95% of all call handling and related functions internally and provide a host of subscriber features.

Installation is infinitely flexible, too. Racks can be located anywhere in the exchange building, switching modules can be tens of kilometres from the main exchange. Which in turn means that the switch to digital can be an integrated process as gradual as your system needs dictate.

Maintenance? The 5ESS-PRX boasts the most sophisticated computer-based self-diagnostics available, with all system information instantly accessible via a colour monitor.

The 5ESS-PRX digital switch from AT&T and Philips Telecommunications. At last someone is throwing some light on intelligent networking.



SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Thursday July 12 1984

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WALL STREET
The nerves remain in evidence

AN undercurrent of uncertainty over prospects for the U.S. economy and for interest rates flowed through the Wall Street securities markets yesterday, writes Terry Byland in New York.
The stock market suffered its biggest one-day setback for more than four months in the wake of a heavy fall in ITT, following the cut in dividend and profits. The payment cut by ITT, one of the largest U.S. conglomerates, cast a shadow over other market leaders.

Wall Street has begun to worry about the downturn in world commodity prices as well as the renewed surge in the dollar. On the domestic front, there is some uneasiness ahead of the impending wage negotiations in the motor industry.
The stock market got off to a poor start as traders faced the implications of the profits setback at ITT, announced after market hours on Tuesday, when the stock had been traded down to \$23 in the third, or off-floor, stock market from an official close of \$31 on the New York Stock Exchange (NYSE).

JEFFERIES, the third market firm, traded ITT stock heavily before the NYSE opened yesterday, marking a deal of 1m shares at \$23. After a delayed opening on the NYSE, ITT later traded at \$21 1/2, heading for the top of the active list with 2m shares quickly turned over on the NYSE and a further 1.8m in the third market.
With other leaders also weakening, the stock market gave ground broadly, although turnover was not heavy. AT&T, which is freezing salaries to cut costs, dipped an early 5/8 to \$17 1/2. Merck, also a constituent of the Dow industrial average, lost a further 1/4 to \$84.

EUROPE
Familiar fears to the fore

FAMILIAR FEARS were to the fore as the major European centres took another buffeting yesterday. The strength of the dollar, the outlook for interest rates and Wall Street's inability to sustain Monday's rally - all combined to leave shares lower.
A number of bourses also saw a more convincing level of turnover than in recent days.
In Frankfurt, renewed selling by foreign investors, aiming to restrict their currency losses on stockholdings, together with some investment funds reducing portfolios, prompted shares into resuming their downward trend.

clines to Amsterdam in active trading. The ANP-CBS general index fell 3 to 154.1.
The mood had been unsettled from the outset by the projected effects on Amro Bank as a result of its stake in European American Bank. Amro shed Fl 3.50 to Fl 54.50.
ABN Bank - the first to announce the credit surcharge taking effect today - fell Fl 16 to Fl 299.
Bonds were depressed, with declines of up to 40 basis points seen over a broad front.

LONDON
Response to rate rise is divergent

THE LUNCHTIME announcement of an increase in UK base lending rates came as no surprise to London financial markets, but helped pave the way for a largely technical rally in gilt-edged securities. Equities continued to retreat, albeit at a slower pace.
Some nervous selling at the outset saw gilts fall by up to 1/8, but final gains in the longs ranged to 1/2.
As the equity market digested the implications of dearer credit, consumer shares again bore the brunt of selling with stores and breweries showing above average losses. Building and kindred issues remained dull in anticipation of an imminent large rise in the mortgage rate.

KEY MARKET MONITORS

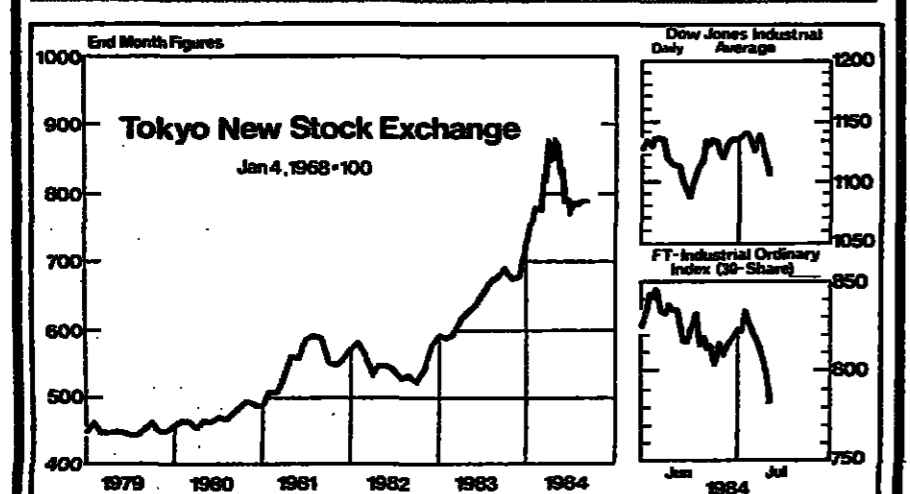


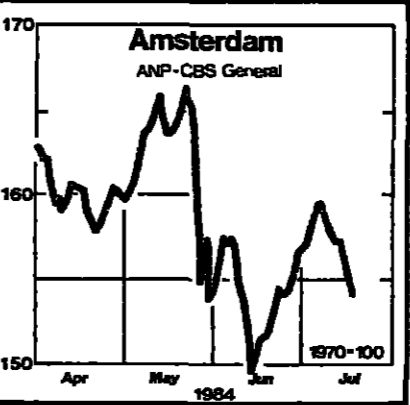
Table with columns for Stock Market Indices (New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, World) and Currencies (U.S. Dollar, Sterling, Euro-currencies).

Table with columns for Interest Rates (Treasury, Corporate, U.S. Bonds) and Financial Futures (Chicago U.S. Treasury Bonds, U.S. Treasury Bills, Certificates of Deposit).

TOKYO
Liquidation pressure escalates

MOUNTING liquidation pressure, triggered by falls on the New York and London stock exchanges and the yen's further slide against the dollar, dragged share prices lower in Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press.
The Nikkei-Dow market average fell 31.73 to 10,354.88, on volume up from 249.86m shares to 310.92m. Losses outpaced gains by 407 to 281, with 187 issues unchanged.

The electrical sector was also weak, with Siemens down DM 8 to DM 376.50 amid continued reaction to its new project for megabit microchips.
Among banks, a DM 7 fall for Deutsche Bank to DM 321.50 was attributed to the \$137.7m second quarter loss at European American Bank in New York, in which it has a stake.



CANADA
A SLIGHTLY firmer Toronto opening soon gave way as weakness among golds weighed the market down, offsetting solidity among property and energy issues.

SINGAPORE
NO CAUSE for cheer could be found in Singapore, and declines led advances by an 11-to-1 margin to leave the Straits Times industrial index 13.12 lower at 878.64.
SOUTH AFRICA
A LOWER result for Johannesburg golds was above the worst of the day as stocks responded to a slight afternoon rally in bullion. Domestic institutions were reported to be on the selling side.

National Westminster Bank PLC
NatWest announces that with effect from Thursday, 12th July, 1984, its Base Rate is increased from 10% to 12% per annum.

Hill Samuel Base Rate
With effect from the close of business on July 12th, 1984, Hill Samuel's Base Rate for lending will be increased from 10 per cent to 12 per cent per annum.

Barclays Bank Interest Rates.
BASE RATE
Barclays Bank PLC and Barclays Bank International Limited announce that with effect from the close of business on 11th July 1984, their Base Rate was increased from 10% to 12%.

Coutts & Co
Coutts & Co. announce that their Base Rate is increased from 10% to 12% per annum with effect from the 12th July 1984.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock closing prices with columns for stock name, price, and change. Includes sections for 12 Month High/Low, Stock, and various company names.

Continued on Page 41



AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices. Columns include 12 Month High/Low, Stock Name, Dividend Yield, Price, and Change. Includes sub-sections C-C-C, G-G-G, L-L-L, M-M-M, N-N-N, O-O-O, P-P-P, Q-Q-Q, R-R-R, S-S-S, T-T-T, U-U-U, V-V-V, W-W-W, X-X-X, Y-Y-Y, Z-Z-Z.

Continued on Page 42

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices. Columns include 12 Month High/Low, Stock Name, Dividend Yield, Price, and Change. Includes sub-sections A-A-A, B-B-B, C-C-C, D-D-D, E-E-E, F-F-F, G-G-G, H-H-H, I-I-I, J-J-J, K-K-K, L-L-L, M-M-M, N-N-N, O-O-O, P-P-P, Q-Q-Q, R-R-R, S-S-S, T-T-T, U-U-U, V-V-V, W-W-W, X-X-X, Y-Y-Y, Z-Z-Z.

Continued from Page 40

Notes: Sales figures are unaudited. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day where a split or stock dividend amounting to 25 per cent or more has been paid. Yearly high/low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

FINANCIAL TIMES EUROPEAN BUSINESS NEWSPAPER. Available every business day at your hotel in PARIS. GRAND HOTEL - HOLIDAY INN (RueBisouise) - PLM ST. JACQUES MONTPARNASSE PARK - HILTON (Av. de Suffren) NIKKO - NOVA PARK - GEORGE V - MERIDIAN PLAZA ATHENE - PRINCE DE GALLES ROYAL MONCEAU

WORLD STOCK MARKETS

Table with columns for Country (Austria, Germany, Belgium/Luxembourg, Denmark, France, Netherlands), Date (July 11), Price, and Change (+ or -). Lists various stock indices and company shares.

Table for Norway and Sweden. Columns: Country, Date, Price, Change. Lists companies like Bergen Bank, Christiania Bank, and various Swedish firms.

Table for Australia (continued) and Japan (continued). Columns: Country, Date, Price, Change. Lists companies like Gen Prop Trust, Mitsui, and various Japanese firms.

Table for Hong Kong and Singapore. Columns: Country, Date, Price, Change. Lists companies like Bank East Asia, Cheung Kong, and various Singaporean firms.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Large table listing over-the-counter stock prices. Columns: Stock, Price, High, Low, Change. Includes various technology and financial stocks.

LONDON

Table showing Chief prices changes in London. Columns: Stock, Price, Change. Lists companies like Avanti, BSR Intl, and various UK firms.

Table for Canada. Columns: Stock, Price, High, Low, Change. Lists various Canadian companies and indices.

Table for Switzerland. Columns: Country, Date, Price, Change. Lists companies like Ansaldo, Bank Leu, and various Swiss firms.

Table for Japan (continued). Columns: Country, Date, Price, Change. Lists companies like Aisinmoto, Alps Electric, and various Japanese firms.

Table for South Africa. Columns: Country, Date, Price, Change. Lists companies like Anglo Coal, Anglo Gold, and various South African firms.

Table for Toronto. Columns: Stock, Price, High, Low, Change. Lists various Toronto-based companies and indices.

Table for Montreal. Columns: Stock, Price, High, Low, Change. Lists various Montreal-based companies and indices.

Table for Montreal (continued). Columns: Stock, Price, High, Low, Change. Lists various Montreal-based companies and indices.

Table for Montreal (continued). Columns: Stock, Price, High, Low, Change. Lists various Montreal-based companies and indices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Large table showing American stock exchange closing prices. Columns: Stock, Price, High, Low, Change. Lists various US companies and indices.

Table for Montreal (continued). Columns: Stock, Price, High, Low, Change. Lists various Montreal-based companies and indices.

Table for Montreal (continued). Columns: Stock, Price, High, Low, Change. Lists various Montreal-based companies and indices.

Table for London (continued). Columns: Stock, Price, Change. Lists various UK companies and indices.

Table for London (continued). Columns: Stock, Price, Change. Lists various UK companies and indices.

Table for London (continued). Columns: Stock, Price, Change. Lists various UK companies and indices.

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Gilts recover following bank base rate rises but equity markets remain depressed

Account Dealing Dates
\*First Declared Last Account
Dealings Dates July 12 July 13 July 14 July 15 July 16 July 17 July 18 July 19 July 20 July 21 July 22 July 23 July 24 July 25 July 26 July 27 Aug 6

recently built up a sizeable stake in Phoenix prior to launching a full-scale bid, the latter's shares advanced further to close 18 up on the day at 483p; news of the proposed merger with Sun Alliance, 8 down at 350p, came well after market hours.

FINANCIAL TIMES STOCK INDICES
Table with columns: Index Name, July 11, July 10, July 9, July 8, July 7, July 6, July 5, Year Ago

HIGHS AND LOWS S.E. ACTIVITY
Table with columns: Index Name, High, Low, S.E. Activity

lower at 424p, after 415p, despite Mr Maxwell's increased offer for the Metro Group publications; meanwhile Fleet Holdings fell 7 to 175p on fading hopes of a bid from Mr Maxwell's Pergamon Press. Elsewhere, Jardine Matheson lost 9 to 335p on nervous selling accompanied by vague rumours of liquidity problems, while fears that interest rates in Hong Kong would soon be raised to around 20 per cent exacerbated the trend.

movements in bullion levels and also to currency fluctuations. Bullion came under renewed pressure at the outset and fell sharply to 8335 before recovering to close only 577 easier on balance at 8721 an ounce.

Some nervous selling at the outset saw Gilts fall by up to 1. A subsequent rally took quotations back up to around previous levels with the recovery movement gathering pace after the base rate announcement from Barclays. The ensuing recovery enabled the Government to sell 10 per cent conversion 2002 at 89 1/2 with the quotation subsequently improving to close higher at 90 1/2.

Equities, in contrast, continued to retreat while the slower pace, as the market digested the implications of dearer credit. Consumer shares again bore the brunt of fresh selling with Stores and Breweries showing average losses.

375p, after a low for the year of 373p. Elsewhere, Costain were a dull market and declined 12 to 274p, while George Wimpey gave up 6 to 1012p. Among secondary issues, Helical Bar dropped 7 to 18p following the dismal annual figures.

Stores remain flat. Stores remained depressed as buyers steered clear of the sector in front of tomorrow's expected mortgage rate increase. Once again, double-figure falls were commonplace with Woolworths 13 lower at 430p, and Gussies 'A' 500p, Burton, 252p, and Habitat Motereare, 274p.

Irish exploration issues were notable casualties in an otherwise subdued Oils market. A rumoured Colombian drilling report, coupled with the Oil Equalised to materialise and Eglinton shares dropped to 152p before closing a net 26 down at 162p.

Irish exploration issues were notable casualties in an otherwise subdued Oils market. A rumoured Colombian drilling report, coupled with the Oil Equalised to materialise and Eglinton shares dropped to 152p before closing a net 26 down at 162p.

Phoenix up again. Continuing to reflect strong rumours that Allianz was

Following Rio Tinto-Zinc's successful tender offer in which it acquired a further 32m shares in the company at 101p per share against a maximum tender price of 110p, dealings in Enterprise Oil resumed at 96p compared with the suspension price of 99p; the price subsequently moved up to 100p before settling at 98p.

The prospect of a hike in mortgage rates when the Building Societies Association meets on Thursday has also helped to spark a fresh wave of selling in the Building sector. Apart from renewed pressure on Construction shares, leading Building issues were also hit and falls here extended into double figures.

Leading Food Retailers in reflecting worries about the prospect of reduced consumer spending. J. Sainsbury lost 5 to 489p, while Tesco and Associated Dairies both shed 4 to the common level of 188p. Dec Corporation fell 10 to 405p, after Amos Hinton continued to reflect the company's confirmation of a recent merger approach and rose 7 for a two-day gain of 42 to a 1984 peak of 305p. Food manufacturers continued to drop 25 to 425p following adverse Press comment.

Jardine Matheson fall. BTR plummeted 12 to 416p. Among the miscellaneous industrial leaders, while Unilever dropped 18 to 885p and Hanson Trust relinquished 8 at 203p, Reed International closed 4

Petranel continued to weaken and gave up 35 more at 420p—a two-day decline of 85.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Equity Groups & Sub-sections, Wed July 11 1984, and Year Ago. Lists various equity groups like Capital Goods, Construction, Electronics, etc.

Table with columns: Fixed Interest, Average Gross Redemption Yields, and British Government Index-Linked Stocks. Lists yields for various terms and inflation-linked stocks.

RISES AND FALLS YESTERDAY

Table showing rises and falls in various market sectors like British Funds, Corporate Bonds, Industrials, etc.

NEW HIGHS AND LOWS FOR 1984

Table showing new highs and lows for 1984 in various market sectors.

ACTIVE STOCKS

Table showing active stocks and their closing prices.

TUESDAY'S ACTIVE STOCKS

Table showing Tuesday's active stocks and their closing prices.

LONDON TRADED OPTIONS

Table showing London traded options for various stocks like LASMO, Lenthro, P.A.O., etc.

OPTIONS

Table showing options for various stocks like LASMO, Lenthro, P.A.O., etc.

COULD THIS BE YOU IN A FEW YEARS' TIME?

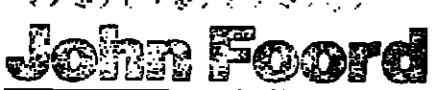
Advertisement for a pension plan with text: 'Could this be YOU in a few years' time? — remembering when milk was 10p a pint.' Includes an image of a woman.

THE DISTRESSED GENTLEFOLK'S ASSOCIATION

Advertisement for The Distressed Gentlefolk's Association with text: 'The Distressed Gentlefolk's Association. Founded 1897. Patron H.M. Queen Elizabeth, the Queen Mother.' Includes an image of a woman.

FT LONDON SHARE INFORMATION SERVICE

Table with 5 columns: High, Low, Stock, Price, % Chg. Includes entries for Ryan Hotels, Ryan Hotels 20, Ryan Hotels 100, Ryan Hotels 200, Ryan Hotels 300, Ryan Hotels 400.



BRITISH FUNDS

Table of British Funds with columns: High, Low, Stock, Price, % Chg. Includes sections for 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds with over fifteen years of history, including entries like 100000, 100000, 100000, 100000, 100000.

Index-Linked

Table of index-linked funds with columns: High, Low, Stock, Price, % Chg.

CORPORATION LOANS

Table of corporation loans with columns: High, Low, Stock, Price, % Chg.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans with columns: High, Low, Stock, Price, % Chg.

LOANS

Table of various loans with columns: High, Low, Stock, Price, % Chg.

Public Board and Ind.

Table of public board and industrial shares with columns: High, Low, Stock, Price, % Chg.

Financial

Table of financial instruments with columns: High, Low, Stock, Price, % Chg.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns: High, Low, Stock, Price, % Chg.

AMERICANS

Table of American stocks with columns: High, Low, Stock, Price, % Chg.

CANADIANS

Table of Canadian stocks with columns: High, Low, Stock, Price, % Chg.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing companies with columns: High, Low, Stock, Price, % Chg.

LOANS

Table of loans with columns: High, Low, Stock, Price, % Chg.

Public Board and Ind.

Table of public board and industrial shares with columns: High, Low, Stock, Price, % Chg.

Financial

Table of financial instruments with columns: High, Low, Stock, Price, % Chg.

FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns: High, Low, Stock, Price, % Chg.

BEERS, WINES—Cont.

Table of beer and wine stocks with columns: High, Low, Stock, Price, % Chg.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks with columns: High, Low, Stock, Price, % Chg.

ELECTRICALS

Table of electrical stocks with columns: High, Low, Stock, Price, % Chg.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

ENGINEERING

Table of engineering stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY & STORES—Cont.

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

ENGINEERING—Continued

Table of engineering stocks with columns: High, Low, Stock, Price, % Chg.

ELECTRICALS

Table of electrical stocks with columns: High, Low, Stock, Price, % Chg.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

ENGINEERING

Table of engineering stocks with columns: High, Low, Stock, Price, % Chg.

ENGINEERING—Continued

Table of engineering stocks with columns: High, Low, Stock, Price, % Chg.

ELECTRICALS

Table of electrical stocks with columns: High, Low, Stock, Price, % Chg.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns: High, Low, Stock, Price, % Chg.

DRAPERY AND STORES

Table of drapery and store stocks with columns: High, Low, Stock, Price, % Chg.

ENGINEERING

Table of engineering stocks with columns: High, Low, Stock, Price, % Chg.

INDUSTRIALS (Miscel.)

Large table of miscellaneous industrial stocks with columns: High, Low, Stock, Price, % Chg.

Financial Times Thursday July 12 1984

INDUSTRIALS—Continued

Table of Industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for High, Low, Stock, Price, Div, and Yld.

LEISURE—Continued

Table of Leisure stocks including companies like British Airways, British Telecom, and British Gas.

PROPERTY—Continued

Table of Property stocks including companies like British Land, Granada, and News International.

INVESTMENT TRUSTS—Cont.

Table of Investment Trusts including various funds like Fidelity and British American.

OIL AND GAS—Continued

Table of Oil and Gas stocks including companies like BP, Shell, and Esso.

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING

ADVERTISING

INSURANCES

LEISURE

SHIPPING

SOOTH AFRICANS

TEXTILES

TOBACCO

TRUSTS, FINANCE, LAND

PROPERTY

INVESTMENT TRUSTS

PROPERTY

INSURANCES

LEISURE

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

OIL AND GAS

Diamond and Platinum

Central African

MINES—Continued

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS—3-month call rates

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

Recent Issues and Rights

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FT UNIT TRUST INFORMATION SERVICE

46

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs., American Group, British Equities, and others, with columns for name, manager, and performance metrics.

Table listing unit trusts under various categories like Bond Funds, Equity Funds, and Money Funds, including details on managers and performance.

Table listing unit trusts under categories like International Funds, Life Funds, and Special Funds, with associated manager information.

Table listing unit trusts under categories like Insurance, Pensions, and Other Funds, including details on managers and performance.

Table listing various insurance and financial services providers, including names and contact information.

F.T. CROSSWORD PUZZLE No. 5,463

- ACROSS
1 Decided taste song-writer put first (8)
5 Kisses and cuddles in three words (6)
9 What Olive gives can be fried as a sort of central heating (3-5)
10 Forest tree-top burning (8)
11 Money got from advances (8)
12 Books dinner, perhaps, outside—what sort of arithmetic is needed? (6)
14 Epiphany substitute? (7-3)
18 Mint universally put in cooked lamb—its contents can be licked (5-5)
22 Goods from overseas right out as school punishments (6)
23 Deacon is masquerading as a bishop (8)
24 I am about to stay in the same place (6)
25 Deficiency of silver in others' change (8)
26 Palm-oil? (6)
27 Descriptive of Homer's homer (8)
DOWN
1 Cue to players in the "Crucible" (6)
2 Was it this army pressure that defeated Velleneuve? (6)
3 New winder for Gray? (6)
4 Idle no longer, in a way (4-2-1)
6 This big cigar makes flawless ring (8)
7 Late pay for bowling spell (8)

Crossword puzzle grid with numbers indicating starting positions for clues.

Solution to puzzle No. 5,462, showing the filled-in crossword grid.

Table listing various insurance and financial services providers, including names and contact information.

Financial Times Thursday July 12 1984

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and financial products including Liberty Life Assurance Co Ltd, National Provident Institution, and various life assurance policies.

Table of insurance and financial products including Sove & Prager Group, Target Life Assurance Co Ltd, and various life assurance policies.

Table of insurance and financial products including GAL Investments (Irish) Ltd, Brindley Henderson Mgmt Ltd, and various life assurance policies.

Table of insurance and financial products including Marine Midland (C) Ltd, Stronghold Management Limited, and various life assurance policies.

Table of insurance and financial products including Money Market Trust Funds, Money Market Bank Accounts, and various financial services.

OFFSHORE AND OVERSEAS

Table of offshore and overseas financial products including Arthurs Investment Fund SA, Fidelity International, and various investment funds.

NOTES: Prices are in pence unless otherwise stated. All prices are subject to change without notice.

COMMODITIES AND AGRICULTURE

Milk quotas hit UK tractor sales

UK TRACTOR registrations were 11,944 in the first six months of 1984, down 17.2 per cent on the previous year.

Dock strike threat to feed supplies

THE dock strike could have a quick and serious effect on British farming, writes a correspondent.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, July 11 1984, + or -, Month ago, July 11 1984, + or -, Month ago.

LONDON OIL

The Gas Oil market opened a dollar higher in line with New York. Light crude trading pushed levels to a low of \$24.70.

SPOT PRICES

Table with columns: Commodity, Latest, Change, + or -.

GOLD MARKETS

Gold fell \$3 1/2 ounce from Tuesday's close in the London bullion market yesterday.

LONDON FUTURES

Table with columns: Month, Yesterday's close, + or -, Business Done.

EUROPEAN MARKETS

Wholesale (U.S. per tonne): U.S. Two Soft Red Winter Aug 1984, Sept 1984, Oct 1984.

More smelters cut zinc price

ZINC values fell back on the London Metal Exchange yesterday as several more European smelters followed the move by Metallgesellschaft on Tuesday.

Wetlands protection call

AGRICULTURAL drainage is a big threat to wetlands, not only in the UK, but in all EEC countries, according to a book published today.

BRITISH COMMODITY PRICES

Table with columns: Commodity, Price, Change, + or -.

COPPER

COPPER: Official, Unofficial, + or -.

TIN

Table with columns: Commodity, Price, Change, + or -.

LEAD

Table with columns: Commodity, Price, Change, + or -.

ZINC

Table with columns: Commodity, Price, Change, + or -.

ALUMINIUM

Table with columns: Commodity, Price, Change, + or -.

NICKEL

Table with columns: Commodity, Price, Change, + or -.

Higher farm loan rates announced

HIGHER interest rates for farm loans were announced yesterday by the Agriculture Mortgage Corporation.

THE EUROPEAN COMMISSION

THE EUROPEAN Commission has authorised export of 55,530 tonnes of white sugar at a maximum rebate of \$2.375 Ecu per 100 kilos.

NEW ZEALAND'S wool board

NEW ZEALAND'S wool board says the minimum greasy wool floor price for the 1984/85 season will be a target average of 275 NZc a kilo.

PARISTAN'S cotton crop

PARISTAN'S cotton crop (season September/March) has been attacked by pests in leading producing areas.

COFFEE

Table with columns: Commodity, Price, Change, + or -.

GRAINS

The markets remained quietly defensive in the wake of the dock strike with nearby coming under particular pressure.

WHEAT

Table with columns: Commodity, Price, Change, + or -.

BARLEY

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN MEAL

Table with columns: Commodity, Price, Change, + or -.

WHEAT

Table with columns: Commodity, Price, Change, + or -.

Bumper world grain forecast

THE WORLD is well on the way to enjoying a bumper grain harvest this year, according to the latest estimates by the U.S. Department of Agriculture.

U.S. marks 30th anniversary of Food and Peace programme

WASHINGTON — President Reagan has announced a new food aid plan, including the stockpiling of grain in Third World countries, to enable the U.S. to respond quickly to hunger and malnutrition in the world.

Wool futures

Table with columns: Commodity, Price, Change, + or -.

POTATOES

An early arrival by the East Anglian West of Ireland has led to a sharp drop in physical prices for a rapid fall in values on all positions.

RUBBER

PHYSICALS — The London market opened steady, fluctuated throughout the day and closed quiet and slightly easier.

INDICES

Table with columns: Index, Value, Change, + or -.

REUTERS

Table with columns: Commodity, Price, Change, + or -.

MOODY'S

Table with columns: Commodity, Price, Change, + or -.

DOW JONES

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN MEAL

Table with columns: Commodity, Price, Change, + or -.

Record cotton output expected

WORLD COTTON production is forecast to reach a record 72.8m bales (of 480 lbs each) in 1984-1985, sharply up on the 67.6m bales produced in 1983-84.

SOYABEAN MEAL

THE soyabean crop is put at 55.11m tonnes against 42.64m in 1983-84. Brazilian soyabean output is expected to reach a record 18m tonnes compared with the previous peak of 15.2m in 1983-84.

NEW YORK

Table with columns: Commodity, Price, Change, + or -.

CHICAGO

Table with columns: Commodity, Price, Change, + or -.

COFFEE

Table with columns: Commodity, Price, Change, + or -.

SOYABEANS

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN MEAL

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN OIL

Table with columns: Commodity, Price, Change, + or -.

WHEAT

Table with columns: Commodity, Price, Change, + or -.

SILVER

Table with columns: Commodity, Price, Change, + or -.

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SOYABEAN MEAL

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NEW YORK

Table with columns: Commodity, Price, Change, + or -.

CHICAGO

Table with columns: Commodity, Price, Change, + or -.

COFFEE

Table with columns: Commodity, Price, Change, + or -.

SOYABEANS

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN MEAL

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN OIL

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THE soyabean crop is put at 55.11m tonnes against 42.64m in 1983-84. Brazilian soyabean output is expected to reach a record 18m tonnes compared with the previous peak of 15.2m in 1983-84.

NEW YORK

Table with columns: Commodity, Price, Change, + or -.

CHICAGO

Table with columns: Commodity, Price, Change, + or -.

COFFEE

Table with columns: Commodity, Price, Change, + or -.

SOYABEANS

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN MEAL

Table with columns: Commodity, Price, Change, + or -.

SOYABEAN OIL

Table with columns: Commodity, Price, Change, + or -.

WHEAT

Table with columns: Commodity, Price, Change, + or -.

SILVER

Table with columns: Commodity, Price, Change, + or -.

Record cotton output expected

WORLD COTTON production is forecast to reach a record 72.8m bales (of 480 lbs each) in 1984-1985, sharply up on the 67.6m bales produced in 1983-84.

SOYABEAN MEAL

THE soyabean crop is put at 55.11m tonnes against 42.64m in 1983-84. Brazilian soyabean output is expected to reach a record 18m tonnes compared with the previous peak of 15.2m in 1983-84.

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WHEAT

Table with columns: Commodity, Price, Change, + or -.

SILVER

Table with columns: Commodity, Price, Change, + or -.

SPOT PRICES

Table with columns: Commodity, Price, Change, + or -.





FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 11.

Table of international bond issues with columns for country, issue name, amount, bid, offer, and yield. Includes sections for STRAIGHTS, DEUTSCHE MARK, SWISS FRANK, and POUNDS.

Table of Yen Straights with columns for issue name, amount, bid, offer, and yield.

Table of Other Straights with columns for issue name, amount, bid, offer, and yield.

Table of Convertible Bonds with columns for issue name, amount, bid, offer, and yield.

Table of Floating Rate Notes with columns for issue name, amount, bid, offer, and yield.

Table of Notes with columns for issue name, amount, bid, offer, and yield.

Table of Floating Rate Notes with columns for issue name, amount, bid, offer, and yield.

Table of Notes with columns for issue name, amount, bid, offer, and yield.

CAPITAL MARKETS

Deutsche Bank leads French Ecu issue

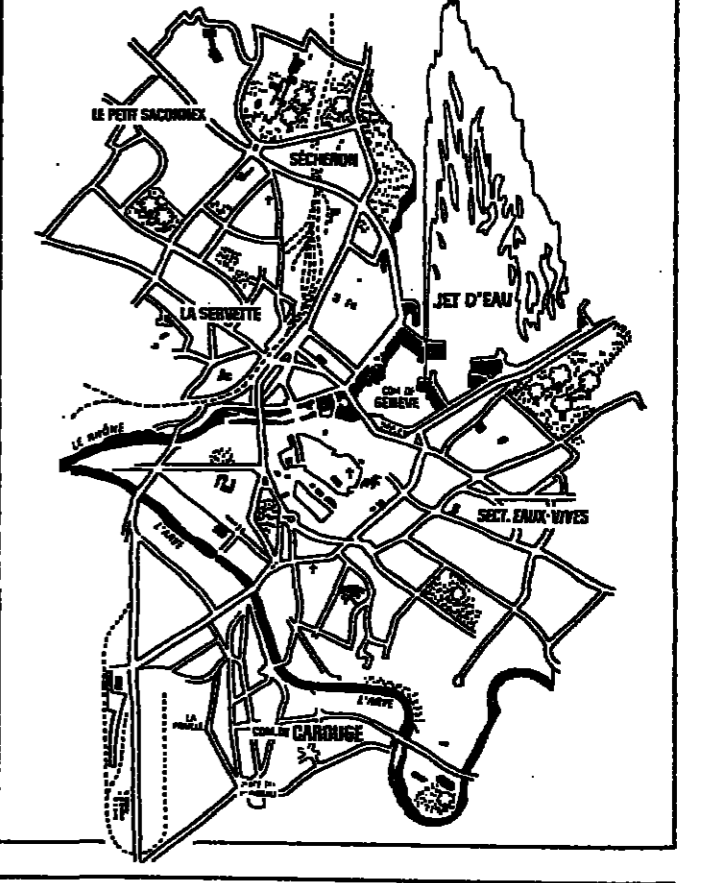
Deutsche Bank broke new ground yesterday when it became the first German bank to lead an Ecu issue. German banks have held back from bringing these deals as the Bundesbank frowns on the use of the European currency unit (Ecu) in commercial transactions. But Deutsche Bank said the move reflects growing interest in Germany for the Ecu formula.

Swedish loan decision

SWEDEN is to decide today whether to accept a large increase in the \$3bn loan facility it has been seeking in the Euromarkets. With commitments from the banking community now approaching \$5bn, the facility is heavily oversubscribed.

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OVER-THE-COUNTER

Large table of over-the-counter market data with columns for stock name, sales, high, low, last, and change. Includes sections for Continued from Page 42, R-F, S-S, and V-V.

# South Korea

Although still forced to operate in a difficult external environment, South Korea has maintained an impressive economic performance. Under President Chun the country has also begun to implement economic and social liberalisation

## Cautious path to liberalisation

JUREK MARTIN  
Far East Editor



President Chun Doo Hwan: his evolution plan is based on stabilisation and then autonomy

THERE ARE TWO words which aptly sum up the state of the Republic of South Korea today. The first is transition, which is usually applied to describe the state of its economy and sometimes its place in the larger world; the second is liberalisation, for which, on occasion, the word autonomy is substituted. Here the connotation is no longer, as hitherto, exclusively economic: albeit tentatively, it is being broadened to cover the state of society too.

The Korean economic achievement is indeed substantial, over the last three years, in particular, and is regularly held up as a model for newly industrialised countries in a parallel state of development. Any nation that can, in 1984, boast of real economic growth of more than 8 per cent per annum and an inflation rate of less than 3 per cent is undoubtedly doing something right; when that country has had a history similar to Korea's, when growth is pursued at whatever cost to inflation and indebtedness, the transformation is little short of remarkable. Korea's debt—about \$42bn—is among the highest in the world, but it is nonetheless, considered an eminently credit-worthy nation.

### Danger

Yet the external environment in which South Korea must operate seems, at first blush, to be as fraught with danger, as ever. Two events, both dominating world headlines, in the past year crystallise this—the shooting down by the Soviet Union of a Korean airliner last September, and the killing in October of members of the Korean Cabinet in the Rangoon

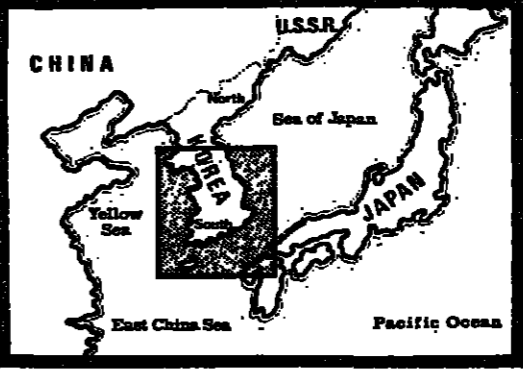
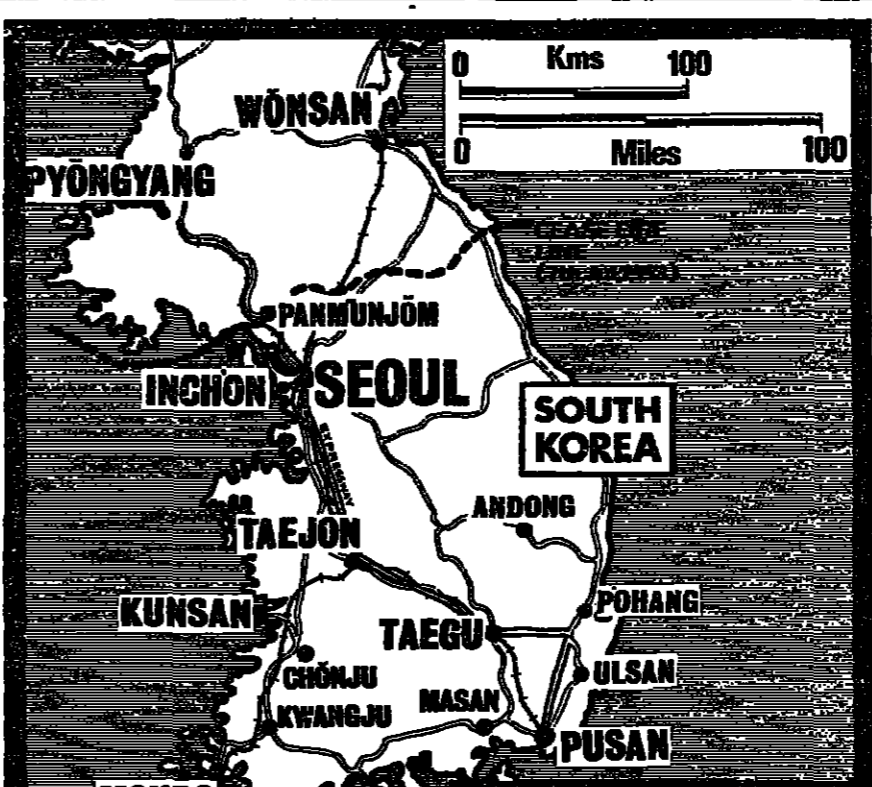
bomb blast, perpetrated, it can now be said with close to certainty, by terrorists from North Korea.

It is true that the past 12 months have also seen developments reassuring to South Korea: generally successful visits, for example, by President Reagan, who took pains to stress U.S. solidarity with the Government in Seoul against the threat from the North, and by the Pope, whose symbolic tour must surely have eased Korea's sometimes palpable sense of alienation from the world community; at the same time, relations with the People's Republic of China have moved slowly out of the ice age of non-communication in the wake of the hijacking of the Chinese commercial airliner to Seoul.

Even the unistomable régime in North Korea began making overtures of a sort (on discussing the future of the peninsula and on joint participation in the Olympics). Neither got very far and, in South Korean eyes, the spirit of both was rendered inherently suspect by the Rangoon atrocity, which happened to take place only 24 hours after the first Pyongyang "peace initiative" was transmitted. But at least there was the barest hint of movement for the first time in a decade. Indeed, in the broadest sense, South Korea is much less the international pariah than used to be the case.

Yet, in spite of all this, it is now possible at least to argue the case that the most important thing that is happening in South Korea is not the economic numbers, impressive though they may be, or the external environment, which has its pluses and minuses. Rather it is the internal debate between the forces of "liberalism" and those more accustomed to the authoritarian ways that have prevailed for much of the last 30 years.

President Chun Doo Hwan has his own blueprint for the country's evolution, which involves first stabilisation, then the emergence of autonomy and finally an opening up into a climate of free competition. So far, the model has been applied principally to the management of the economy, but the liberals who are implementing this approach know that it cannot stop there. "The market economy," one of the president's senior advisers declares, "cannot function without free political democracy." South Korea is still some way



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President Chun's seven-year term of office is at mid-point. A report on the achievements and the tasks that still lie ahead. Page 2

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**ECONOMY:**  
Although its foreign debt of about \$42bn is among the largest outside South America, Korea does not have a repayment problem. The Government's watchword, however, remains one of restraint. Page 3

**BANKING REFORM:**  
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The Government is trying to close the worrying gap that has opened up in its use of sewer technologies, compared with its advanced country rivals. Page 8

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short of this nirvana. But it may well be that the most significant step—and certainly the biggest gamble—on this road was taken this spring when the government decided to remove riot police from the university campuses, where they have been for the last four years. It did so on the condition that if students wanted to demonstrate, which they did, they should confine themselves to university premises, which, by and large, they also did.

The same presidential adviser explains the decision to relax surveillance of the campuses more in philosophical than practical terms, though the two are closely linked. He sees it as an essential part of implementing the "autonomy" stage of President Chun's blueprint; "the universities have high-quality people; if we fail to have autonomy on the campuses, how can we expect to succeed in other areas of lesser quality?"

### Security

He does not go so far as to suggest which non-economic sectors might next be in line to experience the benefits of greater freedom (the press or local government, or trades unions, for example). He points to what he describes as the omnipresent danger from North Korea and its infiltrators and saboteurs, which, he argues, gives South Korea security

problems an especial dimension. He adds, more elliptically, that "we have to take into account our digestive capacity."

This appears to reflect an awareness of the fact that though the reformers seem to be winning most of the battles these days, especially on the economic front, the war is far from over. The "liberals" in the trenches are fairly easy to identify; they constitute mostly the U.S.-educated technocrats who have risen to the top of both government ministries and they have an increasing representation in President Chun's inner circle; but the conservative forces, in the military and in agriculture and commerce, remain potent.

CONTINUED ON PAGE TEN

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# SOUTH KOREA 2

## Mid-term task is to broaden support

### Politics ANN CHARTERS

THIS YEAR marks the mid-point in President Chun Doo Hwan's seven-year term of office. There is little doubt that the President himself is more experienced in the art of governing. Many point to a maturity and increasing self-confidence emanating from the Blue House, the presidential office and residence, in political, social and even economic fields.

The President's handling of the aftermath of the Rangoon bombing in which trusted and highly regarded government ministers and advisers lost their lives last October was a challenge in the extreme. The Government was reconstituted, the nation mourned its loss and retaliation against North Korea for perpetrating the attack against the South Korean Government in Burma was taken through diplomatic channels, not military action.

Many countries joined South Korea in condemning the terrorist act which followed so closely on the tragic downing of the Korean Airlines plane. The South Korean Government earned wide respect and sympathy for its measured response to both tragic incidents.

Successes, however, in any government can breed overconfidence. Crucial to the running

of government, whether in times of crisis or not, is the quality and diversity of information that reaches a president. Some quarters contend the President has become more isolated and listening less to diverse opinions. Others maintain he has become more clever and permits a certain amount of debate.

Both viewpoints have one concern in common which is the degree to which the President is in touch. A high-level government official contends that the danger of limiting sources of information is appreciated. He maintains that the President gets information in every possible way through quite open informal and formal contacts with Cabinet ministers, public media, people in and out of the Government and through frequent field trips.

### Co-ordinating role

It is widely thought, however, that since the dismissal, well before the Rangoon bombing, of a closed and influential group of three advisers, the President has taken on himself more the heavy burden of screening, evaluating and digesting extremely diverse information in conjunction with an expanded group of 12 advisers.

The President, by necessity, takes a co-ordinating role, reading briefs and evaluating the need for more information. Government officials say there is more time for interministerial reactions than two years

ago and that the Foreign Ministry plays a more important role since the implications of domestic policy have an impact now overseas which was not true 10 years ago.

Yet, doubts persist as to how in a Confucian culture the extremely onerous task of being the bearer of bad news is handled. The President regularly receives briefings from three intelligence sources, the National Security Planning Agency, the Defence Security Command and the National Police.

A balance which might be provided by the domestic press is non-existent since the press practices self-censorship in the cause of national security and rarely offers constructive criticism.

The Government's dramatic new tact toward students is cited as an example of how channels of communication with opposing views resulted in a change of policy direction. This spring, police and plainclothesmen were removed from campuses and students were allowed to demonstrate as long as they confined their activities to the campus. On the occasions when the students tried to take to the streets, they were stopped by riot police.

The Government earlier had a harder line of arresting student demonstrators on campus was widely thought to be counterproductive, resulting in a growing number of radical students.

Although only one semester has passed under the new policy, there are some indications that the increased campus autonomy is working. The numbers of students who continue to demonstrate is small, usually 10 per cent or less of the student body.

### Importance

There seems to be less sympathy from other students, professors and the general populace for those who persist in confrontation, and refuse to discuss their grievances with school authorities. The media has also played on that bias.

The Government appears to place great importance on this step. According to one highly-placed official, if the students, who are well educated and intellectual, fail to handle the new autonomy on campus by regulating themselves and showing responsibility, how can other sectors of society be expected to do any better?

It could be argued that placing the burden of responsible performance on university students, who in a few societies are given to hotheaded and immature actions, is an extremely demanding prerequisite to a relaxation in other areas.

Yet the campuses have been the scene of the most visible opposition to authority. Those in government worry that North Korea looks on dissent as an opportunity to destabilise the Government to the south.

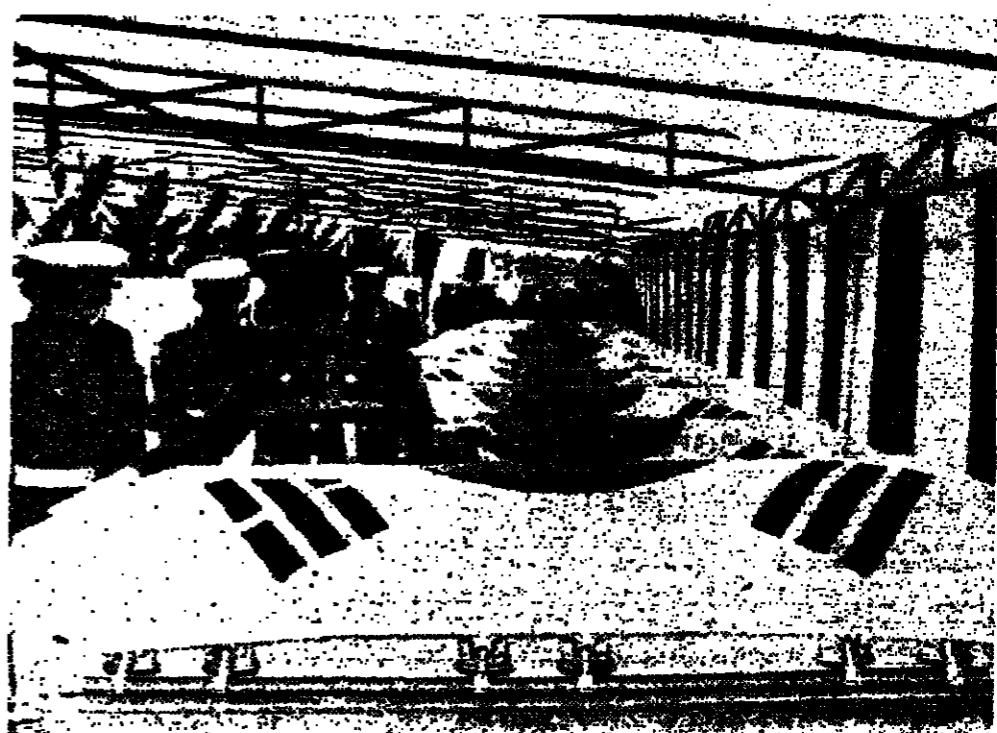
Viewing the campus policy from the Government's perspective, it fits into a long-term plan for change in Korea's political and social environment, that follows the pattern applied to the economy.

First, there must be stability, then self-regulation, followed by an opening up and then an eventual competition. Liberalisation should extend eventually into the social and political spheres, the official thinking goes, since a strong economy operating with the free market mechanism cannot function without a free democratic system.

The question is timing. The economy would appear to be on a faster track. Because of the threat posed by North Korea with its 700,000-strong armed forces deployed south and its continued interest in disrupting the south, as evidenced most recently in Rangoon, the South Korean Government contends there are limitations as to how much and how fast change in society can be digested. Once the campuses are autonomous and stable, the Government says it can choose other areas as more urgent.

The well-educated population must believe, however, that patience will earn its reward. As long as the economy continues to improve the average worker's standard of living, political concerns seem to be a lower priority.

Recent protests by taxi drivers in several major cities intent on reducing their daily



The South Korean Government won wide respect and sympathy for its measured response to the Rangoon bombing by North Korea in which 17 Korean officials were killed. Above: tributes being paid to the victims before burial at Dongjak-dong national cemetery

turnover to the cab companies revealed that channels to defuse labour-management problems did not exist or, at best, were not functioning.

There are few outlets for debate on nagging issues. One is the National Assembly. Although some profess to be uninterested in the National Assembly and its upcoming elections since government

policy is merely endorsed there, rarely made the assembly does provide a public forum where legislators can make a name for themselves and pose embarrassing questions to ministers.

Although the National Assembly elections could be as far away as next March and the ruling government party is unlikely to lose its majority of seats in the assembly, there are those in the Government who privately admit that the ruling party would like to have a good showing in the voting.

In the 1981 election for two representatives from each of the 92 districts, the Government's Democratic Justice Party elected 91 legislators compared to the combined total of 93 for the other seven parties and independents.

Since the government party won the highest percentage of the votes, 95 per cent, albeit a minority, it became automatically entitled to two-thirds of the legislators appointed under proportional representation, thereby being guaranteed a majority in the assembly.

To enhance its chances of at least duplicating the last result, the Government is casting about for ways to broaden its support. Officials say that economic policy will not be used to improve the popularity of the Government party before the election.

They contend that the present tight money policy is in place for sound, long-range objectives of price stability and that other means are at the disposal of the party to augment its popularity.

A further lifting of the ban on political activities for the 99 remaining prisoners and dissident figures could be one way of helping the country come to terms with past events, but a total lifting to include the better known dissidents is unlikely.

The government party could also try to improve its chances by fielding a large crop of new candidates.

By its own admission, the DJP says some candidates were hastily selected before the last election in 1980 and should not stand for re-election. The names of potential candidates are being selected and will be submitted to President Chun, who also serves as head of the party, for final approval. The exercise may determine the tone of the political climate to come.

When the present term of office for President Chun expires in March, 1983, the next candidate for the presidency will be determined according to procedures already in place in the constitution, according to current government thinking.

President Chun has repeatedly stated his intention to be the first Korean President to achieve a peaceful transition of power and leave office after one term.

To do so, would grant a legitimacy of his government in many eyes, since he came to power in a military coup. Yet, how to allow a successor, not a rival, to emerge and pick up the reins of power is a society that is not given to calm debate is the task for the next three years.

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## Limelight proves gratifying and frustrating

### Foreign Affairs ANN CHARTERS

THE FOCUS of world attention has scarcely left Korea over the last 12 months as, first, tragedies then visits from world leaders, and, most recently, efforts to establish a dialogue between North and South Korea have kept interest in the country high.

The limelight has been both gratifying and frustrating. Korea was put more firmly on the map with the visits by U.S. President Reagan and Pope John Paul II, among others, in the aftermath of both the Korean Airlines shooting and the Rangoon bombing. However, the Government had little recourse but to work through its allies to redress its wounds.

Despite some rough spots on trade issues, relations with the U.S. have rarely been better. South Koreans felt better irritated at their lack of leverage. The country is not a member of the United Nations, and, with Russia, was not even able to have the satisfaction of severing links as a counter-measure. The U.S. was forceful in its support, however, and soon after, President Reagan visited Seoul and reassured South Korea that the country was strategically important to the U.S. and a close friend and ally.

The message was reinforced by a succession of top-level visitors later. Close relations, however, are not carved in stone, as the South Koreans well remember. The Carter Administration's thoughts of taking American soldiers out of Korea and the U.S. pull-out from South Vietnam, viewed by some as a failure to uphold an obligation to an ally, have left the Koreans hypersensitive to any signs of wavering in U.S. commitment.

A recent case in point occurred in Beijing during Secretary of State George Shultz's discussions with Chinese officials on talks between North and South Korea. According to a well-informed source, Mr Shultz deviated from a prepared text and slipped up when he

asked if the Chinese would host tripartite talks.

Although the U.S. may view the episode as a tempest in a teapot, it caused South Koreans to wonder if there was more behind the slip. The incident also increased South Korea's annoyance at being a spectator, not an active party, to discussions about its fate.

The U.S. is on record as favouring South Korea's proposal for bilateral talks between the two Koreas or for expanded four-party talks to include both China and the U.S. The U.S. does not want to preclude the use of any forum, but insists that the full and direct participation of South Korea is necessary.

### Talks

Although the idea for three-party talks to include South and North Korea and the U.S. was first proposed by the U.S. in 1976, it was most reluctantly accepted by the south at the time. Last autumn, North Korea proposed three-party talks including the U.S., but accorded South Korea only observer status, a position wholly unacceptable to the south.

The sincerity of the north's proposal remains in doubt as the overture came the day before North Korean army officers planted a bomb in a Rangoon mausoleum. It killed 17 visiting South Korean dignitaries and narrowly missed the South Korean president who was delayed in traffic. Although the Burmese Government tried to blame the North Koreans for the killings, the North Korean Government has never admitted responsibility for the incident.

The basic stumbling block to progress in reducing tension on the peninsula, according to informed observers, is that North Korea does not recognise the South Korean Government as a legitimate and legal authority. Foreign affairs experts say that since North Korea believes itself to be the only legitimate government on the peninsula, it regards the South Korean government as a puppet of the U.S. and persists

CONTINUED ON NEXT PAGE

SOUTH KOREA 3

Ambitious growth targets look increasingly attainable

Economy  
JUREK MARTIN

"THE SINGLE biggest constraint we have is the balance of payments deficit," Kim Mahn-Je solemnly declared. Most finance ministers from countries in Korea's stage of development would count themselves lucky if they could transfer Korea's external figures to their own accounts.

After all, in 1983 the Korean current account deficit stood at a "mere" \$1.5bn, only about a third of the 1980 level. Officially the target is for a further reduction to \$1bn in the current year — though government officials concede that this goal will probably not be met — with a small surplus projected for 1984. By virtually any international standards of measurement, the improvement in the Korean external position is impressive, especially since it has been accompanied by economic policies designed to expand, rather than restrict, output.

However, the Finance Minister's caution is understandable. Almost without exception, Korean officials contend that the biggest threat to the domestic

economy comes from outside the country — in the shape of protectionism or an abortion of the global economic recovery, both of which could severely affect exports, or as a result of a general resurgence of the international debt repayment crisis, which could spill over onto Korea.

Inconceivable

In spite of the fact that its foreign debt (some \$42bn) is among the largest outside Latin America, Korea does not have a repayment problem. It is assiduously — and successfully — reducing its short-term exposure from the 33 per cent level of last year; the current revised five-year plan envisages a much smaller rate of growth in external debt than first projected (at \$47bn by 1986 versus \$55bn in the plan's original estimate); the country's credit rating, especially given the international climate, remains high and institutions have no difficulty raising funds externally, which cannot be said for most countries in the region.

But, as Kim Mahn-Je puts it, "if you have a large foreign debt you get nervous about it." Consequently, the government's watchword remains one of restraint — on fiscal policy and in gradually reducing the

growth of the money supply and in ensuring, by various means, that domestic demand remains under control.

Yet, reaching for the moon in a way that would seem inconceivable in many other countries, Korea reckons that it can still achieve real economic growth of 7.5 per cent per annum, financed mostly by domestic savings, and maintain price stability for the foreseeable future.

The economic statistics of the last few years suggest that this ambitious goal may be achievable. In the first quarter of this year, for example, real (inflation adjusted) GNP rose by no less than 9.7 per cent at an annual rate, higher even than last year's 9 per cent. Some moderation in the growth rate is expected over the remainder of the year, but officials still project annual expansion of a little over 8 per cent. Consumer prices, which as recently as 1980 were rising by 30 per cent a year, went up by barely 3 per cent last year and may even do better this year.

It is true that the inflationary psychology to which Korea became accustomed in its go-for-growth period between 1960-80 has not entirely been broken. The odd outburst of real estate speculation and the continuing extensive use of the unofficial "kerb" financial market, which commands high real interest rates, are testament to this, as well as to continuing inadequacies in the national commercial and financial infrastructure. Most government

INTERNATIONAL RESERVES (\$m)

Table with 3 columns: Item, Dec 1982, Dec 1983. Rows include Foreign currency, Bank deposits, Securities, Receivables, Other, and Total.

economists reckon it will take another two to three years of restraint, at the minimum, for the country to be weaned off its inflationary milk.

The planning blueprint also assumes an annual growth in exports of 14 per cent and in imports of 12 per cent, the former being the more important figure. There is, however, a lot of volatility in the trade picture: in the first four months of this year, for example, exports rose by no less than 29 per cent over the same period last year and imports by 25 per cent; part of the extraordinary increases can be accounted for by inventory adjustments, part by the U.S. recovery. But this is probably unsustainable and the pendulum could swing back a lot.

The most commonly raised question mark over Korea's ability to finance its plans internally centres on the domestic savings rate. Last year the achieved savings rate of about 24 per cent was three percentage points below the five year plan's assumptions. Though the

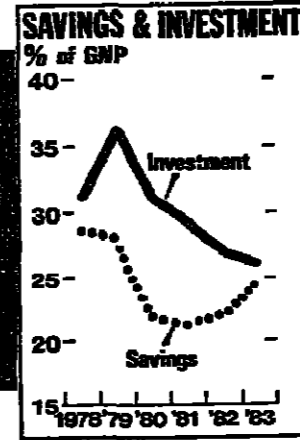
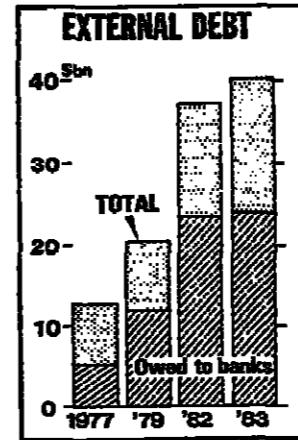
government can ensure it meets its share of the target, it may prove less easy to tap the pockets of the individual.

Expansion

With per capita income likely to pass \$2,000 a year in 1984, Korea is experiencing something of a consumer boom. It is worth remembering that though colour television was only introduced into the country in 1980 (and colour TV programming in the following year) 50 per cent of Korean households owned a colour set last year, a phenomenal expansion; in spite of formidable taxes, car sales have begun to shoot ahead at a rate of 20,000 a month.

This presents the government with something of a problem in trying to divert private money into investment rather than consumption; on the one hand it knows that, for political reasons, as many Koreans as possible must share in the benefits of economic success, on the other that it must continue to manage domestic demand up and down. The classic answer, officials insist, lies in liberalising the financial system and providing a wider range of investment instruments than currently available.

But this is going to take some time to implement. In the meanwhile the government may have no choice but to keep consumption taxes high (a planned reduction this year has been postponed), monetary policy re-



strained, and to maintain a close watch on the content of imports, continuing to favour those which can be turned around for export purposes.

Yet this is no more than a technical management problem and pales into insignificance beside the country's economic strengths. Assuming no disaster of tianic proportions threatens the debt position, Korea may be rather less vulnerable to external squalls than officials like to suggest.

It is worth remembering that this is an export-orientated economy which does not rely on one product nor on one market. Thus the sharp contraction in orders from the Middle East has been a blow that has been comfortably absorbed, for all the unease it may have caused

the construction industry itself. The same judgment may apply to the shipbuilding industry assuming, as looks more and more likely, last year's rapid rate of order growth cannot be sustained.

What concerns the economic planners is the engineering of more diversification — and the exploration of more markets with Europe, if the recovery takes hold, a clear target area. This requires the absorption of more technology, enabling the country to emerge as much as a supplier of parts as of finished products, and the creation of a better financial base domestically. It also mandates greater attention being paid to infrastructural development, such as housing, and the maintenance of the nation's current compar-

itive cost advantage.

This is very much the litany which the government's economic planners preach every day. It used to attract much scepticism from foreign bankers and would-be capital investors, and it still does, though to a measurably less degree, as the gulf between promise and achievement does appear to be closing.

If anything, the cloud on the economic horizon seems to be there more as a result of success than failure. As Kim Ki-Hwan, the former Commerce and Industry Vice-Minister now responsible for foreign investment sees it, there is a popular reception in the West that Korea is "another Japan." This, he insists, "is a very false perception — and a very dangerous one."

MERCHANDISE EXPORTS

BY PRODUCT

Table showing Percentage shares and Percent change for various product categories like Manufactures, Light manufactures, Textiles, etc.

BY AREA

Table showing Percentage shares and Percent change for various geographical areas like Industrial countries, U.S., Japan, etc.

Source: World Financial Markets: Morgan Guaranty Trust.

In the limelight

CONTINUED FROM PREVIOUS PAGE

In wanting re-unification according to its rules.

This stubborn refusal to take the South seriously bodes ill for much change. Cross recognition of North and South Korea as a tension-reducing scenario with the U.S. and Japan recognising the North, and China and Russia establishing relations with the South is not a likely option. Sources say the Chinese have rejected it because the North Koreans consider it a plot to recognise South Korea.

Posturing

The recently aborted sports talks called to discuss a joint North-South team for the Los Angeles Olympics are widely regarded as diplomatic posturing by the North to divert attention away from Rangoon. A South Korean foreign ministry official indicated that if North Korea is serious, there are other sports events which could be attended jointly. Of course, the South Koreans have to appear to take the North's proposals seriously since they want to reconcile the North from scoring diplomatic points, but cynicism is rife.

Both those in and out of the government say that time is on the side of South Korea.

With Korea's growing visibility, however, there is need for a more comprehensive foreign policy that takes into account a broad perspective on how issues interlock and a closer evaluation of where mutual interest between countries lie.

The expected meeting this year between President Chun and the Japanese Prime Minister Nakasone is likely to yield another first for President Chun's personal diplomacy. If some bothersome issues such as the status of Korean residents in Japan and the textbook treatment of the Japanese occupation of Korea can be

smoothed, then the South Korean president would make the first official visit to Japan by a Korean head of state.

Over the next three years, South Korea is expected to revitalise its policy of increased contacts with Communist countries, including a slow resumption of exchanges with Russia. Further contacts with China through multilateral sports and cultural events are expected although they may occur with less hoopla and publicity than before.

South Korea would like the 1988 Olympics to be boycotted-free, but the government is realistic enough to know that, despite its overtures to Communist nations, the vagaries of world politics makes guarantees impossible.

Given its success on the economic front and in raising its profile by attracting international events, such as the Asian Games in 1986 and the Summer Olympics in 1988, the country will gain stature and distance itself even further from North Korea the economy of which appears to be flagging.

The example of West and East Germany may even offer encouragement as to how two divided countries with opposing ideologies can co-exist. But, as one expert put it, such an example can also serve as an excuse for not actively pursuing ways to defuse the current impasse between North and South Korea.

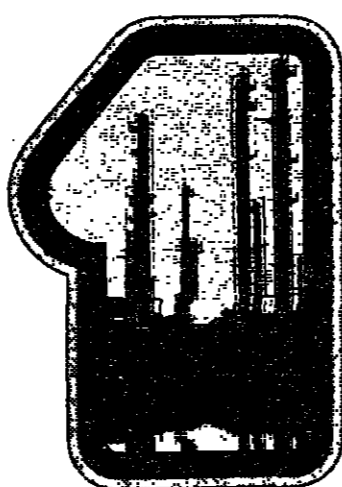
There are those that urge South Korea to concentrate more on positive issues in its foreign relations and belabour the North-South confrontation less. The caution is not intended to diminish the real threat posed by the North, but to suggest that other issues of economic, cultural and political importance deserve far more attention.

The country's foreign affairs have been more marked by personal diplomacy between the South Korean President Chun Doo-hwan and other heads of state than under previous governments, and with generally positive results.

5 reasons why businessmen in over 90 countries deal with Lucky-Goldstar

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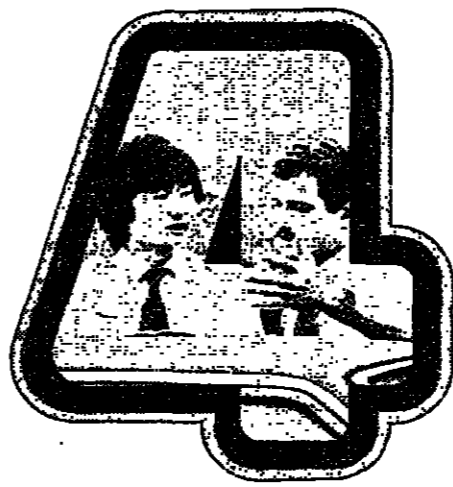
today's most important fields. Here are some of the reasons why more and more people are seeking out The Lucky-Goldstar Group.



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Lucky-Goldstar is also participating in some pretty impressive enterprises overseas, too, such as the Saudi Basic Industries Corp.

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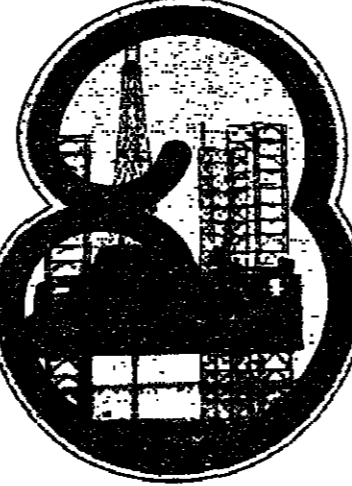
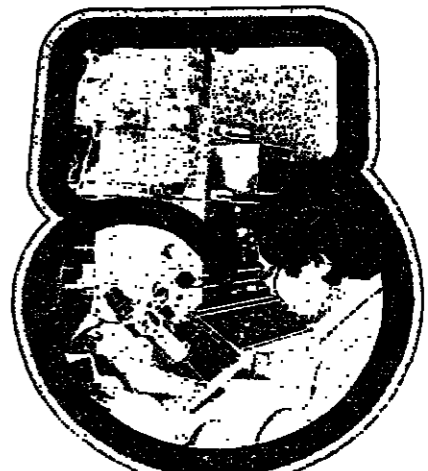
Sometimes the growth has been surprisingly great. For example, Lucky-Goldstar International Corp. grew 43% in 1983 — more than any other Korean general trading company.



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Financial Soundness:

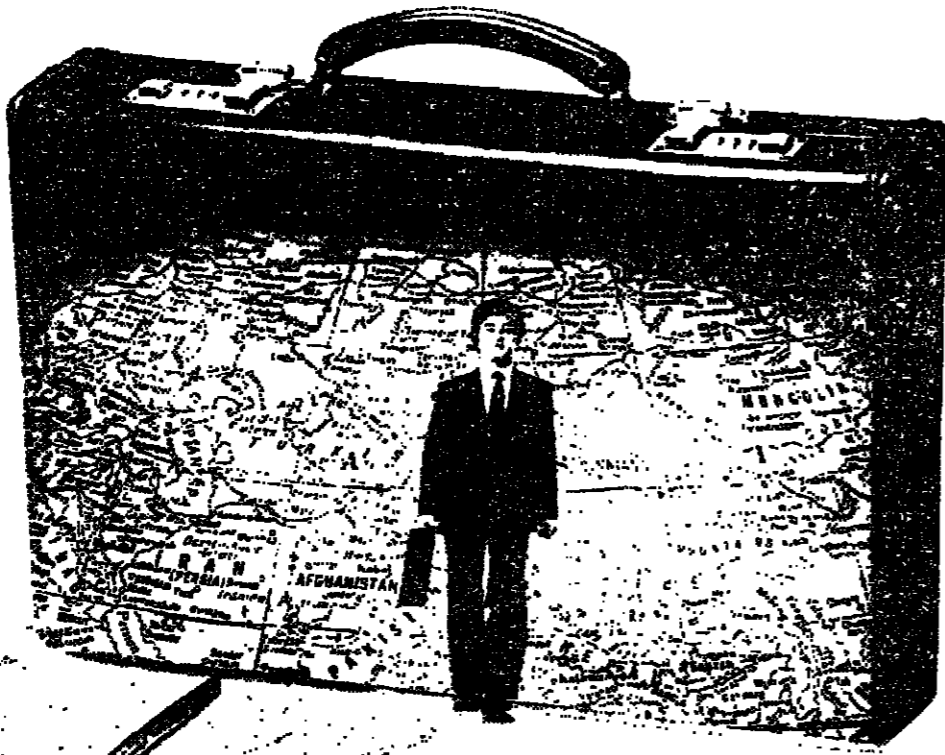
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SOUTH KOREA 4



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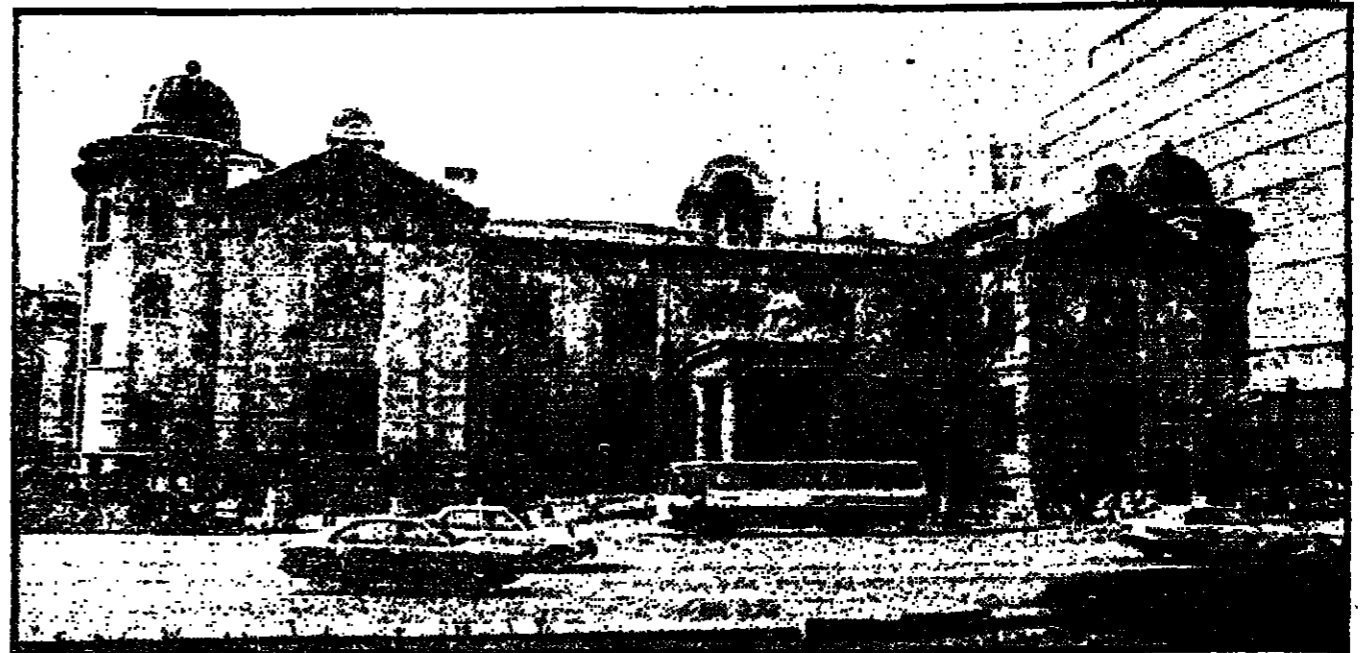
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The Bank of Korea in Seoul. From next year foreign banks will have access to its rediscount window for export-related finance.

**A step nearer widening  
export finance market**

**Banking reform**  
JUREK MARTIN

KOREA'S NEED for a capital markets structure designed to serve, rather than hold back, its economic development has not been a matter of intellectual dispute for some years. What has been furiously debated, however, is whether the government would ever match its words with action, particularly in the area of permitting foreign financial institutions to play a larger role.

Thus, no sector of the foreign community in Seoul was more pleasantly surprised than international bankers when, in April, the finance ministry announced that "practically all discriminatory restrictions imposed on foreign banks will be gradually phased out for true national treatment."

By the same token, few Korean sectors were more upset by the announcement than domestic banking, which is, in effect, still learning the ropes of the trade after its denationalisation less than three years before, and which remains very much subject to government credit allocation policy. Within the past month, questions as to the wisdom of the government's move have indeed been raised in the Korean Parliament.

**Contention**

There has also been some discussion over whether the April reforms were the voluntary product of the Korean authorities or extracted under duress by the U.S., whose treasury secretary, Mr Donald Regan, was through Seoul earlier in the year. Korean officials insist the initiative was theirs, a contention that some of the leading foreign bankers, who have lobbied long and hard for reform, basically accept.

Foreign banks will not, according to the reform blueprint, achieve national treatment status overnight, nor are the timing and practical ramifications of all the government proposals yet set in concrete. In effect, the concept of national treatment means that the foreign banks will be able to raise funds more easily but may also be subject to some of the requirements now attendant on their domestic counterparts.

Probably the most important single gain is that from next year foreign banks will have access to the Bank of Korea's rediscount window for export-related finance, probably the fastest-growing financial area. Officials insist this freedom will be granted "at the beginning" of 1985, though this is not certain. In 1986 the rediscount window will be opened for import-related loans. Use of this facility already provides domestic banks with one of their largest fund-raising sources and absence of it, in the view of foreign bankers, has constituted a severe disadvantage.

At present, according to the Ministry of Finance, about 60 per cent of foreign bank usable capital is generated by currency swaps—that is, bringing in foreign currency for exchange into Korean won. It may be that as foreign bank use of the rediscount facility rises, recourse to swaps may decline; if not, the Government may impose ceilings. In any event, what the foreign banks wanted above all was the ability to engage in export finance, and opening the rediscount window from next year seems a major step in that direction.

The Ministry of Finance is also proposing to change the formula by which it calculates a foreign bank's "nominal" capital (again, the details have not been disclosed). It is allowing foreign banks to join the National Bankers Association and the clearing house which may be of marginal assistance and has also lifted the 10 per cent compensating balance requirement on foreign bank loans.

In some areas, domestic banks will still be given a head start in generating new business. In June this year a certificate of deposit market was created for

domestic banks only; it is far too early to say how it is working out, but, if successful, there is an implicit assumption that foreign banks may be allowed to issue CDs, perhaps next year.

Similarly, domestic institutions are being allowed this year to engage in trust banking, a concession only to be granted foreign banks in 1985. Given the limited nature of foreign bank's retail operations (and branches) this may not produce much extra business; some foreign banks in Seoul would very much like to be able to get into insurance, but the chances are that such participation will not be granted in the near future.

The quid pro quo of loosening some of the curbs on foreigners is that they may be subject to some of the Government's credit allocation policies. Domestic banks, for example, are obliged to devote

35 per cent of their loans to small and medium-sized businesses. It is not clear yet if "national treatment" will necessarily require foreign banks to do the same, though it will clearly be politic for them to be seen to be doing so—and some claim to see considerable commercial opportunities therein.

**Competitive**

Beyond the technicalities, however, it is apparent that the Government is intent on introducing a more competitive element into the financial system. It needs more diverse investment instruments both to raise the domestic savings rate and to attract external capital, without which the country's ambitious development plans may fall short of fruition; and it accepts that foreign banks can play the role of catalyst in

making Korean banks more efficient than they are at present.

This is, however, a gradual process. It presumes a shake-up in the domestic (and perhaps foreign) banking community, which the Government may find politically difficult to accommodate. At the very least, the authorities can be expected to monitor with extreme care the expansion in foreign bank activities.

At present, foreigners command about 12-13 per cent of total lending, though only a fraction of this in local currency; some officials doubt that foreign banks will exceed 10 per cent of the local currency loan market, simply because they lack the networks of the local banks; the same, however, may not be true of export-related finance, which is where the domestic institutions, not generally very profitable, actually make a return.

**FOREIGN BANKS IN SOUTH KOREA  
(April, 1984)**

	Total	U.S.	Japan	France	UK	Others
1. Branches .....	48	15	9	5	5	11
Opened in						
1967-71 .....	6	3	2	0	1	0
1972-76 .....	5	1	2	2	0	0
1977-81 .....	26	12	0	3	0	8
1982-84 .....	11	2	4	1	1	3
2. Representative Offices ...	21	6	5	0	0	7
Branches .....	46	17	8	1	6	14
Representative Offices...	64	19	8	3	4	39
Subsidiaries .....	15	5	0	0	0	10

Source: Ministry of Finance

**SOURCES AND USES OF FUNDS**

Sources	1979	1981	1983	Uses	1979	1981	1983
1. Foreign Currency (U.S.\$m)				Loans .....	1,488	2,256	2,391
Deposits .....	31	133	276	Swap .....	339	1,007	1,706
Inter-Office .....	1,956	3,310	4,183	Other .....	189	292	617
Other .....	61	111	253	Total .....	2,046	3,554	4,714
Total .....	2,048	3,554	4,713				
2. Local Currency (bn Won)				Loans .....	296	847	1,341
Foreign Currency .....	193	705	1,284	Deposits .....	59	123	130
Deposits .....	96	216	313	Other .....	13	402	676
Other .....	77	451	550	Total .....	368	1,372	2,147
Total .....	366	1,372	2,147				

Source: Ministry of Finance

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# £58m deal for Davy McKee

The chairman of Pohang Iron and Steel (Posco), Mr Tai Joon Park (centre) and Mr Roger Kingdon, chief executive of Davy McKee Teeside sign a £58m contract for the design and construction by Davy McKee for a blast furnace for Posco. Mr Paul Channon, Minister of Trade (left), attended the ceremony as part of his official visit to South Korea



# Slow progress in dismantling barriers

## Import Liberalisation

LARRY KLINGER

A SEOUL-BASED diplomat, soon to be rotated back to his western capital, wants to sell his grand piano. The sale is unlikely. The piano is Japanese and thus an import if sold in Korea. The owner computed the duties and taxes such a sale would attract:

- Customs duty: 60 per cent of Carriage, Insurance, Freight (CIF) value.
- Defence tax: 2.5 per cent of CIF value.
- Special consumption tax for grand pianos: 30 per cent of (CIF value plus customs duty).
- Other consumption tax: 20 per cent of (CIF value plus customs duty).
- Second defence tax: 30 per cent of special consumption tax.
- Value added tax: 10 per cent of (CIF value plus customs duty plus special consumption tax).

The diplomat reckons that total duties and taxes would be upwards of 200 per cent of the piano's actual value.

When told this story, a second western diplomat flew into something like a rage. "This is exactly what the South Koreans mean when they talk about free trade," he exclaimed. "Meanwhile, their pianos are flooding into the EEC. I know the figures, around 3,500 in 1979 and more than 10,000 in 1982. And their new so-called import liberalisation programme is complete eye-wash."

The South Koreans, of course, dispute this view, especially as encapsulated in that last remark. They say that their current import relaxation programme is designed precisely to remove the vast majority of imports from either outright bans or prohibitive non-tariff barriers and to apply a straightforward tariff system, which, by 1986, will be no more restrictive than those in most western countries.

Nevertheless, the Koreans agree that the actual timing and real future extent of the liberalisation remains uncertain. While foreign officials often challenge even Seoul's declared intentions, the South Koreans insist that, despite the expected hiccups in applying the schemes over the next four years, the country's eventual import regime will be among the freest in the world.

One leading economic adviser to the Government says he is losing patience with the country's foreign critics. "They forget," he said, "that, in this world of protectionism, Korea is the exception in doing this."

### Instinct

"We have somehow been able to overcome the almost universal, domestic instinct for protectionism because we know that, to become competitive on world markets, we must expose our own industries to this competition if they are to become really efficient and effective. That is the reason we are doing this, not because of international pressure."

Current policy has its origins in the previous government's setting-up in 1978 an Import Liberalisation Deliberation Committee, which, however, was unable to make little more than some initial progress because of the second oil shock, the subsequent world recession, the deterioration in Korea's balance of payments and the then prevailing view within the country that it could not open up its economy too rapidly.

However, since 1980, after the coming to power of the present Government led by President Chun Doo Hwan, the powerful finance ministry, supported both by the country's Economic Planning Board and the Korea Development Institute (KDI) research organisation, decided to press ahead. There was strong opposition from Korean business, which, in addition to mounching a campaign on its own against "moving too fast," the policy was championed in tough inter-government negotiations by the Ministry of Trade and Industry. But the Finance Ministry and its advisers won out, at least on the main principles.

As economic conditions improved generally, direct restrictions such as outright bans were lifted on 366 items in 1981, 167 in 1982 and 305 last year. From July 1 a further 332 joined the list. Over the next four years more than 800 will be added so that, Korea says, 95 per cent of the country's potential import items will have been liberalised by 1988.

What the Finance Ministry conceded, however, and this is what fuels the sceptics' continuing disbelief that the country will really open its doors, was the establishment of emergency measures that could halt imports that do expand. These fall into two categories: first, a "surge" mechanism to protect infant domestic industries from being swamped by cheaper products from overseas, and, second, so-called "adjustment" rules to limit imports if business organisations can demonstrate successfully that a certain sector is being damaged significantly.

These "shock absorbers" for industry were the Ministry of Trade's bottom line, and the proponents in government of greater relaxation describe them as being like a "blanket you have to carry to live," admitting that they would not have got this far without retaining the emergency measures.

"There certainly will be relaxation on raw materials, but the scope and timing affecting manufactured goods is completely uncertain," said a western trade expert. "Past experience is not encouraging. For example, a few years ago a U.S. company selling space heaters which were considerably more expensive than local ones still managed to build up a market."

They were suddenly hit by an import ban. The argument seemed to be that even if the public wanted to spend more for better quality, if they can't get it at all, they'll have to buy Korean.

Another case involved high-pressure vessels, which attracted a 70 per cent duty exemption for three years. Then they were suddenly reclassified with no exemption, and the authorities demanded that three years of back duty should be paid at the full rate.

Another widespread complaint is that, while it is true that the majority of potential imports are being removed from complete bans, the new tariffs are being set at such high rates that, even when they are progressively reduced as planned over the next four years, imports on any significant scale may still prove impossible. For example, duty on gramophone speakers are being set at 40 per cent to be reduced to 30, razor blades at 40 per cent to come down to 20 per cent, and cameras and refrigerators at 40 per cent with 30 per cent to follow.

Many of the sceptics feel that only further international pressure will insure that the Korean authorities will practice what the Government is now officially preaching. (Indeed, some officials in Seoul admit that below ministry level, especially at the technical level, the full spirit of the Government's intentions may not always be applied.)

Some foreign critics argue that the whole scheme is designed simply as a smokescreen to ward off possible measures being taken abroad against Korean exports.

High-level Korean officials, however, insist that their intentions are honourable and that widespread liberalisation, which may not be attained smoothly, will nevertheless become a fact of Korean economic life. They say that one will simply have to wait, but not for too long, to see if the projected tariff levels are right.

Moreover, officials say, the country must proceed cautiously since it does not have any sophisticated systems for anti-dumping measures or import quotas. These may have to be adopted and, since there will no doubt be many changing economic factors to consider in the near future, the entire liberalisation programme will have to be kept under constant review.

Meanwhile, for the potential exporter to Korea, it is true that many uncertainties remain, and, therefore, he will want to do his homework as best as possible, almost certainly with the help of a good local agent who not only knows which way the local economic wind is blowing but will have a good idea of the probable course of political policy as well.

A foreign businessman summed up the situation thus: "Timing is the basic issue. I think there will be real import opportunities. One must not give up. The obstacles do not form a brick wall. They are more like a bamboo curtain with some sizeable holes in it. You must find the right hole. You must establish a particular opening for your product."

### Smokescreen

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PROFILE: Mr. KIM MAHN—JE, Finance Minister

# Pragmatist at the helm

STEREOTYPING is always dangerous—and often rude. But it is hard to avoid the observation that the generation of government officials who are now nudging the Korean economic infrastructure on its long road to liberalisation do appear to conform to a certain pattern. They invariably seem to be young, in their late 30s and 40s. Almost without excep-

tion, they have postgraduate degrees from U.S. universities, generally the best ones. Partly as a result, all speak fluent English.

Many have worked at the country's best-known economic think tank, the Korean Development Institute, and all, it seems, have been influenced in one way or another by the guru of modern Korean economic policymaking, Kim Jae-Il, late Presidential adviser who was a victim of the Rangoon bombing.

But these are not Korea's version of Chile's "Chicago Boys," except in one respect, their doctrinaire belief in what they are doing. Whereas the Chilean experiment, if in the end crucially flawed, was marked above all by monetarist fervour, Korea's economic scientists rely on no known theoretical textbook. They do believe, in the broadest sense, in supply side theories and in a restrained monetary policy. But there seems to be an awareness that the task of managing an economy in the transition from government-directed go-for-broke growth to the goal of a more open, competitive maturity requires more diverse tools. Both carrots and sticks have roles to play.

### His beliefs

Kim Mahn-je has been Finance Minister since late last year, when, as part of the post-Rangoon reshuffle, he replaced Mr Kang Kyong-thuk, who moved into the Blue House as President Chun's chief of staff. He is 49 years old, his doctorate is from the University of Missouri, and he spent much of his subsequent career at the Korean Development Institute. The major variation on the theme is that he spent the year before going to the Ministry at Koram Bank, the joint venture commercial institution established with Bank of America.

He says that being first a banker and now a Minister has changed his perspectives if not his beliefs. "As a Minister, you worry more about implementing policies than you do at a policy institute." By the same token, "did affect my view on the internationalisation of banking institutions: it convinced me that the traditional idea of a bank—doing a narrow range of business—would have a difficult time surviving in the modern world. His impact since becoming Minister has probably been



Finance Minister Kim Mahn-je: a product of the country's best-known think tank, the Korean Development Institute

the greatest on the banking sector, specifically with the proposals giving greater freedom to foreign banks to operate in Korea. "Foreign banks," he explains, "should be the catalyst to stimulate our domestic banks to liberalise."

However, the pragmatist and, increasingly, the politician furks not far beneath the surface. He is aware, for example, that freeing the banking sector, even if approached gradually, is not exactly overwhelmingly popular with certain domestic institutions.

Consequently, he goes on, "along the way we may have to make some cosmetic gestures to protecting the domestic banks." He also intends to launch what can only be described as a public relations campaign, with seminars, symposia etc, designed to persuade Korean financial institutions of the correctness, and opportunities, in the new approach.

Nor does he necessarily expect overnight miracles. He notes, for example, that the certificate of deposit market introduced in June, threatens to "shake up the existing (government controlled) interest rate structure. We have to make up our minds how fast we want to demolish this structure." He pauses, and laughs; "if we are lucky we could do it quite fast; if not, it could drag on for a few years."

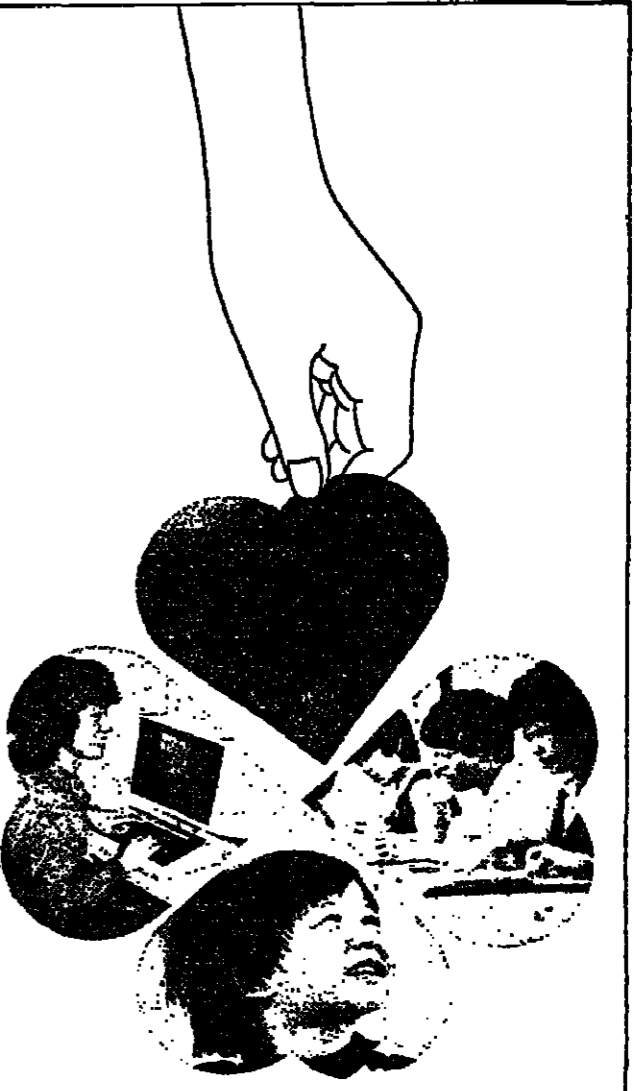
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SOUTH KOREA 6

# Government policy stays on course

**Labour**  
LARRY KLINGER

LABOUR POLICY for South Korea hangs somewhere between the national effort to improve workers' pay and conditions and what is seen as the often overriding need to cope with the country's "special situation."

There is no doubt that the overall thrust of government policy is a high-powered drive to achieve a vastly more equitable income distribution for the country as a whole and greater benefits and security for the nation's 16m workforce in particular. It is also a certainty that in no way will the country's restrictive controls governing organised labour be relaxed in the near future.

Almost without exception, in both government and business circles, any discussion with foreigners on labour relations will at some point centre on the "special situation": the ever-present military threat from the North, and the fact that the South's only extensive national resource is its labour force, whose technical skills and capability for hard work enable the country to compete on world markets.

**Conviction**

It is a deeply held conviction that any disruption to "stable and continued progress" would be potentially disastrous, either by encouraging the designs of the North or by undermining export competitiveness.

"The Government will make perpetual efforts to realise a balanced distribution of income," President Chun Doo-hwan said last month in an unprecedented "live" interview to mark the thirtieth anniversary of Hankook Ilbo, the Seoul newspaper.

"In the Communist system, workers and peasants are supposed to be masters and therefore all income is said to belong to them," President Chun said. "But... in North Korea, everyone has his own grade: for example, Kim Il-sung and his clan belong to Special Grade A while his subordinates belong to Special Grade B, and these

groups are corrupt beyond our imagination.

"For balanced distribution of income, democracy is by far the best and most reasonable system. Under a democratic income distribution system, heavy taxes are collected from rich people and the money is spent for public purposes," the President said.

Indeed, for the nation's farmers, which despite the shrinkage in agricultural employment, still represent a third of the country's workforce, the Government spends the equivalent of hundreds of millions of dollars to support the predominant rice and barley crops.

This has meant that, for the first time, rural incomes are approaching parity with those in the cities. The expenditure, which can represent up to a third of the national budget deficit, is recognised as uneconomic but a social necessity.

For income distribution as a whole, the Government has also succeeded over the past three years in achieving a return to levels existing in the late Sixties, which had deteriorated sharply throughout the intervening decade (see article on consumerism). Moreover, virtually any vestige of the abject poverty still seen in South Asia, Africa and South America has been eliminated.

Unemployment has continued to decline since the start of the year, when it reached a record 6.2 per cent, and is now, according to official calculations, running at only just over 4 per cent (though these figures are based on the criterion that an "employee" is anyone who works for pay at least two hours a week. Economists say that, for international comparison based on a minimum 18-hour week, the jobless percentages should be about doubled).

**Tight grip**

Labour productivity, meanwhile, has improved over the past ten years by around 10 per cent annually, with annual growth rates of between 5 per cent and 8.5 per cent. Last year, the Economic Planning Board's "guideline" for a 6 per cent average national wage increase rose only to an actual 6.9 per cent.

This year, with well over half the country's 6,500 enterprises setting at between 5 per cent and 7 per cent, the Government feels that its targets are being observed again and will in future continue to be observed if inflation can be held to low single figures.

The Labour Ministry's "step-by-step" programme to maintain a "stable wage system" — in addition to the Government's keeping a tight grip on any possible expansion of organised labour operations — includes:

- Efforts to protect real wages on individual company level by seeking full government approval for further tax relief for business to expand its already considerable welfare benefits.
- Encouragement for "self-relief" systems at company level, such as the provision of low-cost loans to tide over workers who are absent from work for extended periods because of ill-health or injury.
- The ministry has recommended that 5 per cent of a company's profit be set aside for welfare programmes, though this is far from being compulsory.
- Further emphasis on vocational training for skills manpower, for which 60,000 places were provided last year, a further 30,000 are expected to be filled this year.
- A pledge to pursue actively the possibility of setting a

national minimum wage, which would be unprecedented in the country's next Five-Year Plan due to begin in 1987, and to study whether a national system of unemployment benefits might be established, which, if instituted, would be an even more startling breakthrough in the country's labour relations.

Meanwhile, there will be no relaxation in the Government's determination to control trade union activity, which was limited sharply with legislation in the wake of the bloody suppressed 1980 uprising in the traditionally rebellious Southwest to protest against seizing of power by President Chun.

Although the complete ban on strikes was repealed, they are still virtually impossible because of complex legal formulas requiring dispute-modification and providing for extended cooling-off periods.

Moreover, the new legislation banned regional union organisation, only allowing unions to operate individually on a single-company basis. It virtually prohibits any outside contact during a dispute, thereby precluding the unions from bringing in advisors or outside legal opinion, and stipulates that a major proportion of union funds must be used directly for welfare programmes, which often means, observers say, that there is not sufficient money to provide for union staff or the training of officers.

**Climate of fear**

While there seems to be no instances of drastic abuse of civil rights by the authorities, such as unwarranted detentions or physical attacks, there are persistent reports of harassment, including police threats to endanger one's employment and to put "social pressure" on one's family.

"There is a real climate of fear," says one close observer of organised labour activity. "In many cases, union officials will consult the police before putting any grievance to his own company."

Union membership has dropped from a high of more than 1m in 1980 to 786,000 last year.

Active speculation about extending union powers is not encouraged—because of the "special situation"—but even high-ranking officials within government admit that all is not well.

One, asked what he thought of a critic's suggestion that legislation was simply a statement of official intention to stop labour threatening the supremacy of the ruling economic class, replied, with a telling smile: "Well, we do have problems."

Another, while arguing with considerable force that South Korean unions must continue to be based on "co-operation" because of the traditions of the country's social system and because of the interim status of its economic development, also felt certain progress towards greater union freedom and effectiveness had to be made.

The Government's newly established review boards of private citizens, to which it will have to justify future policy in detail, would provide enormously greater "transparency" in policy-making.

"All, including foreigners, will be able to see," he said. "There will be an agonising process of debate, argument and soul-searching. But, maybe, which will now end. The Government would like to act, but deciding on the correct role for unions, on the right relationship between labour and management remains a complicated task."

Two workers discuss their jobs at Daewoo Heavy Industries and what they hope to achieve



Mr Chang-Ha Hwang, a steel fabricator.

## Working hard for all the family

MR HWANG has already accomplished one of his main ambitions. As a boy he developed a fascination for tractors. Some day, he told himself, I may make such a machine. This he now does.

More seriously, at a young age he promised his father that he would devote his working energies towards making the family "rich." His personal philosophy has nearly always been to keep busy, work hard and to make sacrifices for the welfare of his parents, then his children and for the grandchildren to come.

His family was exceedingly poor, sometimes without money to buy rice. After he was born, the family, in search of a better life, moved south from the rural Pannunjom area to the urban area between Incheon and Seoul.

This is where he still lives, in a small house with his parents, a younger brother who works as a tuner at a piano factory, his wife, his son 7, and daughter, 5.

It is 40 minutes away from Daewoo by bus, a ride to and from work for which his company pays. The company also provides free work-clothes, boots, safety equipment, locker rooms, showers, help with school fees (and eventually university fees, if exam scores are high enough), a shop where food, household items and clothing are at wholesale prices and a medical centre where treatment and medications are provided at cost (they used to be free but met widespread consumer resistance based on the Korean tradition that free medicine cannot be good medicine).

After school, Mr Hwang did work similar to what he does now before spending three years in the Army, after which he joined the Anyang rolling-stock company which was acquired a year later by Daewoo.

When he left military

service, jobs were almost impossible to get, and the family remained very poor, so he really had little choice. But with the Daewoo take-over, he decided to stay.

It was a young company which rewarded the individual for hard work with a capable management which would help him become wealthy. He was further convinced when the company provided a 25-day training course.

Mr Hwang has now been with the company for 11 years.

He puts in about 40 hours in overtime each month on top of his normal six-hour, six-day week. For this he earns about 400,000 won a month, which, after tax and setting aside 30,000 won in savings, leaves him about 360,000 won. Every three months he receives a 270,000 won bonus, which is equivalent to 100 per cent of a month's basic salary. With Government and company contributions he reckons to be able to save some 1.6m won every three years.

His chief immediate aim is to help finance his father's becoming head of their neighbourhood's old-age association, a post with considerable status. His father, who works for a steel company, is a healthy but also must be wealthy to become the association's chairman. With the 7m won saved by Mr Hwang, there should be enough when the father retires in two-years time.

Mr Hwang is a member of his plant's labour union, which he believes to be effective in communicating the collective feeling of workers to management. He believes his union must continue to develop relations in the spirit of "co-operation" and not "confrontation." There seems to be no problems at the moment. Unions, in any case, must stay out of politics.

Larry Klinger



Mr Kwang-Ho Pak, a painter.

## Against a 'big sound' from unions

MR PAK says lightheartedly that the main reason he works for Daewoo is that, when a young Korean is with an equally young, thriving, successful conglomerate, any girl will marry him. He marries this autumn, having postponed the wedding for six months to work in Thailand on an export contract.

More seriously, he was convinced during a three-month study course at Daewoo while in high school that the company would reward skill and hard work. His family was very poor, and in addition to helping them he saw an opportunity in "educating" his older co-workers, who did not know how to save properly, manage their money or, say, how to buy a house. This he still tries to do. He has been with the company for seven years.

Mr Pak has passed the first stage (theory) of the national examination for spray-painters and in September will attempt the second stage (skill), for which, if he passes, he will receive a wage rise. He is confident of success.

Mr Pak lives in a village 15 minutes by train from work, in the house where he was born, with his parents and two younger brothers, one of whom is a government employee and the other still in school. Mr Pak has been spending much of his spare time expanding and redecorating a second-floor room where he and his wife will live.

Other than passing his national exams (a third is due

to follow in a year's time), his other main goal is to help the older brother, who is 23 and must certainly marry within three to five years from now. The family home is too small to accommodate another marriage, and another house must be found in the neighbourhood. It is Mr Pak's duty to see that this can be done.

Like Mr Hwang, Mr Pak receives all the non-wage benefits and the three-monthly bonus equal to a month's basic pay, although, unlike Mr Hwang, the younger man works considerably more overtime, between 50 and 60 hours a month.

He earns 280,000 won a month, which, after tax and savings of 10,000 won each month, leaves about 230,000 won. With government and company help, he saves about 500,000 won every three years. He reckons over the next five years he will have saved enough, when appointed with what his brother manages to save, to buy the land and necessary mortgage for the second house.

Mr Pak also hopes that, if he can pass the third level of his national exam, he will be promoted as a specialist painter. He is now a deputy gang-former.

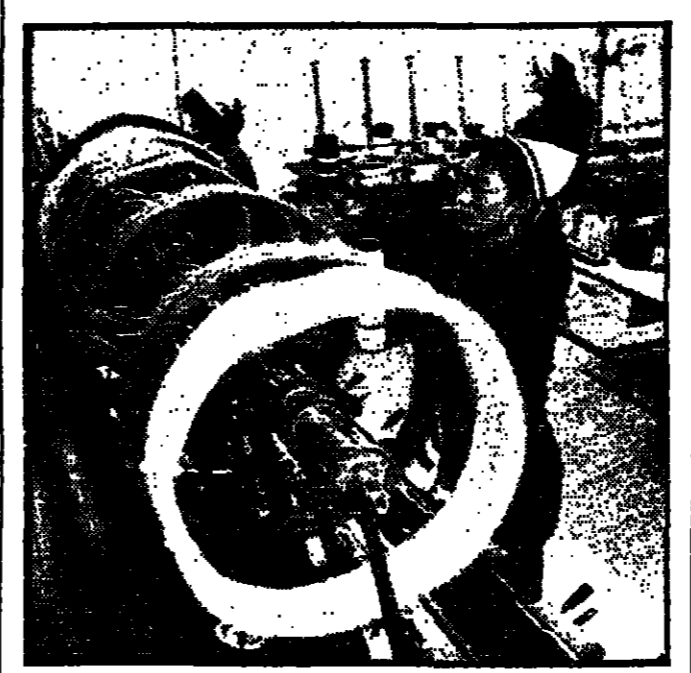
He is a union member, and holds views similar to Mr Hwang's. Someone has to communicate with management to find solutions of mutual benefit, but unions should not make a "big sound." He does not feel that they should practise politics, but then again, he really has not thought much about it.

L. K.

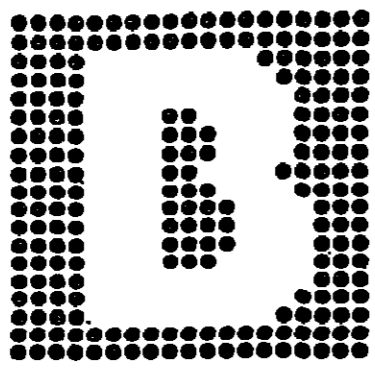
**MONTHLY EARNINGS**  
(In Won. Man-days in parentheses)

	1975	1980	1982	1983
Total average earnings .....	49,020 (25.4)	150,328 (24.8)	207,171 (24.9)	231,880 (24.9)
Mining .....	54,050 (26.1)	203,281 (24.7)	268,660 (24.5)	286,419 (24.4)
Manufacturing .....	38,378 (25.4)	146,686 (24.8)	202,117 (24.9)	226,790 (25.6)

Average exchange rate for 1983: \$1=776 won.  
Source: Bank of Korea.



Girls working in a textile mill near Seoul.



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# Cautious plan for expansion

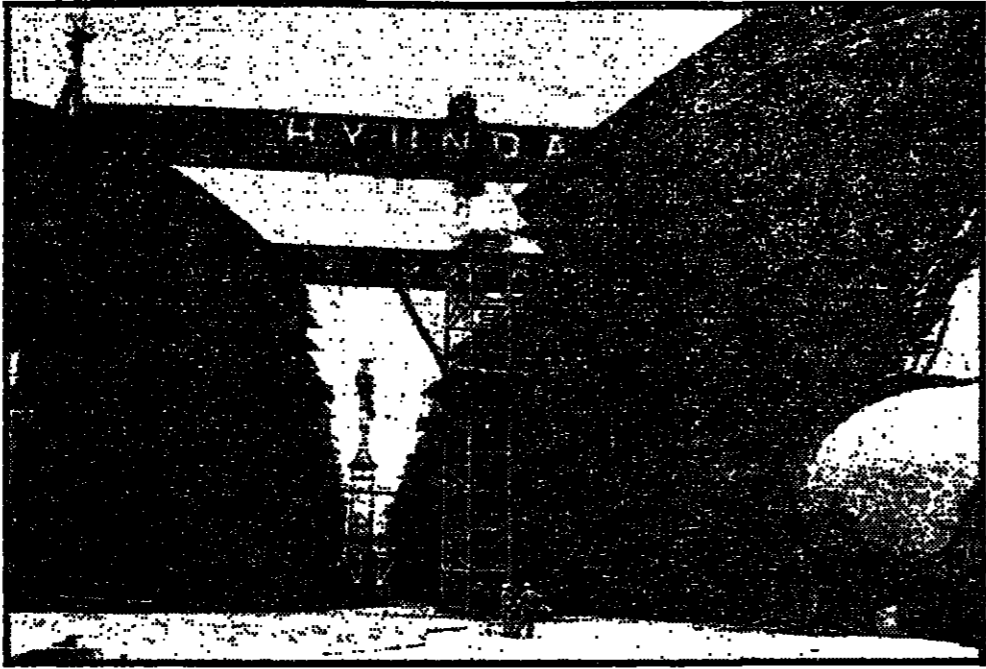
**Heavy industries**  
PETER INGARDINO

THE HEAVY industry expansion bug is back in South Korea. This time around it is unlikely to rekindle the epidemic of expansion that reigned in the 1970s and left the country with huge overcapacity and mountains of debt. After virtually halting facility investment since the 1979 oil shock and subsequent three-year recession, South Korea is dusting off old plans and is pushing ahead with expansion in steel and automobiles. Other projects include new factories for fork lifts, power tillers and air frames for American jet fighters.

The new round of investment does not involve all areas of heavy industry, however. Overcapacity still haunts such heavy machinery sectors as power generators, plant equipment and diesel engines, though the legacies of export visions that never materialised.

Planned expansions of South Korea's shipyards also remain on the back burner, despite the strong performance of the nation's shipbuilding industry. In general, Seoul's approach to heavy industry expansion is low-key and cautious. With the exception of the state-owned Pohang Iron and Steel Company (POSCO), the Government is refusing to provide preferential loans for new heavy industry facilities, which it doted out generously in the 1970s.

The only particularly daring new undertaking is Hyundai Motor Company's intention to produce front-wheel-drive subcompact cars for export. Hyundai is to make 200,000 of the cars in mid-1985, to be followed by 300,000 in 1986. It expects to export roughly two-thirds with the main target being the U.S., some parts and technical help coming from Mitsubishi Motors, which bought a 5 per cent of Hyundai's equity in 1983. Daewoo Motor, a 50-50 joint venture with General Motors, is also expanding but is taking a less ambitious road. In a new U.S. \$400m plant to be finished in 1987, Daewoo is to produce 165,000 front-wheel-drive subcompact cars, with about half for export. GM will sell presumably, the lion's share under its own brand name in the U.S. The renewed optimism in automobiles—an industry that



Hyundai's shipyards at Ulsan are working overtime to catch up on a U.S.\$4bn backlog of orders

was all but devastated after the 1979 oil shock and then forcibly restructured by the Government—has been bolstered by strong local sales. Passenger car sales rose from 72,000 units in 1981 to 128,500 in 1983. Given that only about eight Koreans out of every 1,000 own a car, the potential demand is tremendous.

### Steel mill

In the steel sector, POSCO is ready to start construction next year of a U.S.\$1.2bn integrated mill at Kwangyang Bay. Delayed for two years by the domestic recession, the mill is the first phase of four that government officials say will be built eventually, but nobody knows when. The plant will add 2.7m tonnes in capacity to POSCO's current 9.1m tonnes.

Contracts for the blast furnace, hot-rolling mill, continuous-casting shop and other segments have been given to European and Japanese contractors.

POSCO says that the main objective of the expansion is to meet domestic demand, which is projected to grow by 10 per cent annually. POSCO plans to sell 9.5m tonnes of steel products locally in 1985 and 15m tonnes by 1991, with an additional \$0.40

per cent being exported.

No new plans have been announced for expansion of shipbuilding capacity, now estimated at 4m gross tonnes. Hyundai added three new dry docks in 1983, but these were taken over from Hyundai's underutilised ship repair subsidiary.

South Korea's shipyards, continuing to buck global trends, are working overtime to catch up on a U.S.\$4bn backlog of orders that stretches well into 1985. There is considerable worry that sufficient new orders will come in to keep the yards booked beyond 1985—new ship orders were down sharply in the first five months of 1984—but industry chiefs are confident.

South Korean yards grabbed roughly 20 per cent of all new orders in 1983 and are said to be the lowest bidders for scores of vessels and offshore structures now being ordered.

While there are bright spots in South Korean heavy industry, others are still paying the steep price of over-expansion. Capacity continues to exceed demand significantly in power generators and other heavy machinery. The strict stratification of heavy machinery manufacturing imposed in 1980 and 1981, which assigned industries

to certain companies, is still in place, but with some notable exceptions. The biggest change was the trisection of Korea Heavy Industries and Construction Corporation (KHIC), the problem-riddled and heavily indebted state-run company that has been caretaker of massive industrial complexes in Changwon and Kumpo since 1980.

KHIC sold two of its weakest links to the private sector in 1983. The Lucky-Goldstar Group, a plant in electronics and chemicals, entered heavy

### Competition

The Government also made some changes last year in the diesel engine industry. KHIC was permitted to make marine diesel engines of 6,000 hp and up, previously the exclusive domain of Hyundai Heavy Industries.

The Hyundai group, meanwhile, was permitted to make diesel engines for trucks, buses and other land transportation equipment, breaking the monopoly of Daewoo Heavy Industries.

The first dose of competition in four years—although Daewoo's diesel engine plant is still producing far less than its capacity—is intended to spark quality improvements and price reductions that will make South Korean diesel engines competitive with imports, which will be permitted around 1986.

It is still unclear, however, whether the liberalisation of diesel engine production will be an exception, or the first of many reforms in heavy industrial ventures where years of protection have failed to produce competitive industries.



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# Korean opens another gate to Seoul.



### PROFILE: SSANGYONG GROUP

## From cement to software

IT IS not without justifiable pride that two bags of cement are presented for view by visitors entering Ssangyong's headquarters in the group, one of Korea's top five conglomerates, relies on its success with cement to fund new ventures in fields as diverse as securities and computer software.

As the group's backbone, the Ssangyong Cement Industrial Company generates a substantial percentage of earnings. In 1983, net earnings for the group were \$23m on turnover of \$3.2bn, while assets totalled \$2.8bn.

Ranking among the world's top seven producers of cement, Ssangyong has a capacity to produce 12m tons of cement annually. With an 8.7m-ton capacity in its Pohang-Dong plant alone, the company operates the largest single cement factory in the world.

Since it was founded in 1962, the cement company has expanded its capacity thirtyfold to meet rising domestic and overseas demand.

The efficiency of the operation and the company's port facility, capable of loading four 50,000 dwt (ton deadweight) vessels simultaneously, has permitted Korean cement to compete against Japanese, Spanish and Greek producers for supplying construction sites as distant as the Middle East.

Unlike most other Korean conglomerates which got their start in services, such as trading or construction, the post-World War Two clothing store in Korea led the company into clothing manufacture during the early 1950s, while the country's first five-year economic plan of 1962 was the catalyst for a move into cement production.

### Steady

The group's executive vice-president, Mr Suk-Hwan Chang, contends that the traditional nature of manufacturing with its involvement with machines, rather than with people as in service industries, has made the company's approach to business more conservative, steady and cautious. He says that, with its 16 affiliates, the group has stayed close to businesses related to the cement industry, branching out into shipping, heavy industry, electronics, trading kraft paper and oil refining. Its foray into a computer software company is based on its experience with management information systems in cement.

Yet the group has been quick to identify its self-interest. As Korea's largest consumer of fuel in the private sector,

Ssangyong suffered during the first oil crisis in 1973 as prices soared. Therefore by 1980 the company had completed an oil refinery with the National Iranian Oil Company as a partner and supplier.

Ssangyong bought out its partner after the Islamic revolution in Iran, but the refinery with its 90,000 barrels-a-day capacity continues to use Iranian crude. The focus of the facility is production of lube base oils with a high viscosity index, making Korea the third country in the world, after Japan and Canada, to produce such oils on a commercial scale with a newly designed process.

The oil refinery was the second most important source of the group's earnings in 1983, but could have profits squeezed this year if the Iran-Iraq war interrupts the flow of Iranian supplies and the company has to opt for other sources of crude oil.

Since 1975 Ssangyong has been chaired by Mr Suk Won Kim, first son of the founder. This second-generation management has successfully grafted on to the group a modern management style.

As chairman, Mr Kim has delegated authority to the presidents of each company and holds them responsible for day-to-day operations. Management information systems have been set up and computerised and quality control has been emphasised.

The chairman is credited with successfully converting the traditional Confucian pattern loyalty to the individual in charge as a paramount virtue, with a new focus on rational decision-making as found in foreign management techniques. He has also extended Ssangyong's activities and investment further into overseas markets.

A monument to successful overseas operations is now rising in Singapore. Ssangyong Construction Company is building the Raffles city complex, soon to be the tallest structure in Asia. One of the suppliers, Ssangyong Cement (Singapore), a joint venture started in 1973 with two Singapore-based concerns, went public on the Singapore stock market last year.

Ssangyong Corporation, the trading subsidiary of the company, grew on the back of cement exports. As one of the country's top 10 general trading companies which together are responsible for half of Korea's foreign trade, Ssangyong has reduced its reliance on trade in cement from 80 per cent to 15 per cent currently, concentra-

ting instead on heavy industrial exports.

The company diversified its sources with the Ssangyong group's products now representing only 15 to 20 per cent of total exports of \$1bn last year.

Mr Kim believes that continuing growth means finding overseas markets, not just for export and import, but for investment. Over the next five years, his goal is to deepen or diversify Ssangyong's current products by introducing new technology. The firm is actively seeking foreign partners for investments in cement, for example in the Middle East and U.S.

Ssangyong also plans to look seriously at other fast-growing fields, entirely distinct from their current activities. The group would like to reorganise its industrial make-up so that new ventures with high growth potential—perhaps in conjunction with foreign partners—would constitute half its companies. The companies where Ssangyong already has proven experience and success are to continue as a firm base and source of investment funds for other endeavours.

One possibility is to team up with foreign experts in software applications and technology in process design for computer hardware and chips. The group would prefer not to manufacture hardware itself although this option has not been ruled out.

### Capital tripled

Another potentially high growth area in Korea is the securities industry. Last year, Ssangyong paid \$375m to acquire Hyosung Securities Co, the then seventh largest securities house. The group tripled the capital of the company to about \$25m, and Ssangyong Investment and Securities Co made its debut this spring as one of the five major firms in the industry.

In 1983, after failing to find a foreign investor willing to transfer technology in fine ceramics, Ssangyong started intensive research and development activities in this field in conjunction with a government research institute. In May, the company had its first experimental product.

Whatever Ssangyong's degree of success in changing its make-up, the steps will be taken carefully. The bags of cement are likely to remain visible at headquarters, reminding everyone of how important a good foundation is.

Ann Charters

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**Technology**  
ANN CHARTERS

A WORRYING gap in its use of newer technologies compared with its advanced country rivals has recently been the subject of a national debate in Korea. The gap has been most apparent in the electronics industries but it also applies across a wide industrial spectrum.

In an effort to determine the current state of affairs, and how best to narrow the gap, the Ministry of Science and Technology sponsored a study which measured the use of technology in Korea compared to advanced countries in four categories. The study, conducted by the Korea Advanced Institute of Science and Technology, looked at the number of patent registrations, how much technology the country bought and sold, how much value is added to manufacturing goods, and what proportion of exports are based on technology.

The results confirmed the distance Korea has yet to proceed. On a composite score and giving the U.S. a result of 100, West Germany scored 55, Japan totalled 50 and Korea managed 3.

Naturally, there are other ways of measuring the utilization of technology and Korea's score would vary from industry to industry. For example, the country's expertise in shipbuilding and some textile fibres is well known. Yet, the study revealed some interesting policy options.

One way to narrow the gap would be to increase purchases of technology from overseas. Dr Young-Ok Ahn, president of the Korea Technology Advancement Corporation, a not-for-profit company set up to commercialise research results, says it was apparent ten years ago that Korea's development depended on foreign technology.

To emulate the success of neighbouring Japan, Korean companies need to be more aggressive in acquiring technology. Despite the fact that Japan sells technology abroad, unlike Korea, the Japanese also buy new know-how at the

rate of 1,700 contracts a year, compared to Korea's 300 annual technology purchases, according to Ministry of Science and Technology data.

A new law expected to go into effect in July is designed to ease technology transfer between Korean and foreign companies. Government officials admit that previously Korean law impeded the transfer of know-how, requiring prior government approval for any technology agreement over U.S.\$1m.

Once the new law is in effect, the government expects the flow of technology transfers to increase, since only registration of the agreement is required. Although the government reserves the right to review contracts after the fact, officials contend monitoring is merely to see that the purchases have been negotiated intelligently.

**Investments**

As an adjunct to encouraging firms to buy more technology, the government has also made investments in research and development more attractive. Until 1980, the Government bore much of the burden of research, but ministry figures show that in 1982 the private sector was responsible for almost half of the investments in science and technology. Other complications place the private R & D investment well ahead at 59 per cent.

As early as 1972, companies could deduct expenses for technological development from taxable income, but the definition of development included overseas travel to look at technologies in practice and consultant fees. Few companies established their own research departments.

But recently, that picture has changed. There are now 130 private research laboratories, triple the number four years ago. Dr Ahn maintains that Korean industries now have the capability to do their own short-term development and technical service activities. They are also more capable of evaluating foreign technologies and driving a good bargain.

Basic research for medium and long range applications to industry, however, remains more firmly in the government

sphere. Korea would like to raise both private and public sector investment in research and development to 3 per cent of GNP by 1986, about \$2bn. But there are those who argue that since this will still be far below the level of expenditures in advanced countries in absolute terms, more funds need to be committed to these activities.

Certainly, in the electronics industry, the major drive and capability for development resides in the industries themselves. The rush for a presence in new high technology electronic fields has caused four major Korean conglomerates to set up subsidiaries in California's silicon valley and entice trained Korean scientists with high-tech experience to spur local development programmes.

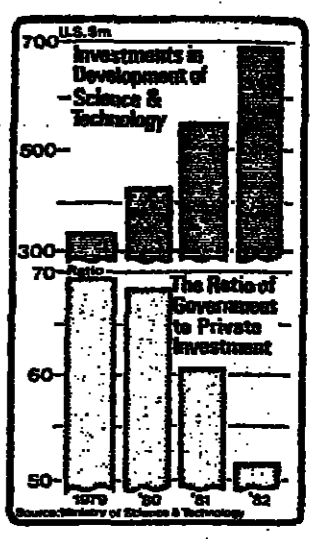
With the big four, Samsung, Daewoo, Lucky-Goldstar and Hyundai, investments have been substantial and technical ties with foreign companies are either arranged or under discussion. Samsung recently inaugurated a VLSI (very large scale integrated) circuit factory with a capacity of 30,000 4-inch wafers a month at an investment to total \$125m as capacity expands.

The company expects to start sales of the 64K DRAM (dynamic random-access memory) chips this autumn, breaking into a market dominated by Japanese and American producers.

**Technical links**

Lucky-Goldstar, which has a long presence in the electronics field, has technical links with A.T. & T. of the U.S. and a range of expertise in communications equipment. Later this year, the company will inaugurate its semi-conductor plant. Mass production of 64K-DRAM chips will start before March 1983 at a rate of one million chips and 9,000 wafers monthly.

Both Hyundai and Daewoo are relatively new to electronics but, as one of their competitors remarked, "the capability of both companies is high and there is a limitless market out there. All they need is a foothold." Hyundai is known to be conducting discussions with IBM, but no details are available.



**'Korean companies need to be more aggressive in acquiring technology'**

Daewoo is at work on its capability in semi-conductors, with an emphasis on bipolar chips for consumer products and CMOS chips, including custom chips for telecommunications systems. Daewoo Semi-conductor expects to start manufacturing later this year. Daewoo and Northern Telecom of Canada are now putting the finishing touches on a joint-venture agreement in the semi-conductor field.

At the same time, Daewoo Telecom plans to start manufacturing single mode optical fibres and 135 megabit transmission systems this fall, using Northern Telecom technology. Daewoo says the product will be one technology generation ahead of other products available on the domestic market.

The risk of this flurry of investment activity in high tech electronics is that by the time Korean companies can put products onto the market their technology may be superseded. Korean firms recognise the short life cycle of technology in this field but argue they have to start and just run faster.

**Waiting for the boom**

**Consumerism**  
LARRY KLINGER

IS SOUTH KOREA Asia's most powerful domestic market in the Far East other than Japan, gearing up for a consumer boom? The answer is that it is certainly possible but that it will probably have to wait.

Since the domestic market has grown considerably, it can serve as a "second engine" of growth, especially when the external economic climate is unfavourable. The remark is virtually never absent from any official government economic literature. Yet, despite growing evidence of pent-up demand among an increasingly better-off society, the Government will keep the lid on, especially for the time-being, and the tools it has for doing so are considerable.

Like all recent South Korean relaxation of controls, caution is prevalent and the debate likely to be long and agonising. The "second engine" declaration should read "especially when it is finally decided it can serve."

The Government is considering more reductions in the country's stiff and complex array of taxes, which can add around two-thirds to some consumer durables, but current policy means that the necessary economies of scale in production are prohibitive by local industry and that any large-scale imports of consumer goods will not be forthcoming for several years. Moreover, the intense national drive to boost savings would seem to leave little room for a rush to the nation's department stores.

Nevertheless, there are a range of micro and macro-economic pointers that consumer power may just be waiting to be unleashed. In the first category, the array of examples include this random sample:

- Domestic passenger car sales, despite heavy taxes, rose by upwards of 100,000 last year to 400,000.
- More than 3m of the country's Sna homes now have colour television despite colour transmissions being introduced only two years ago. The large backlog of colour receivers destined for export, virtually disappeared overnight on the home market.
- Department stores, supermarkets and chain stores continue to show remarkable growth in numbers, leading to the formation this year of the Korean Retailers' Association, the country's first such modern organisation. Only 14 department stores existed in 1960,



Shoppers through Myeongdong old market in the centre of Seoul

now there are well over 100; turnover first began operations in 1971, now there are 4,300.

- The clamour from abroad for South Korea to open its domestic market to foreign consumer goods has been unabated. Britain's drive to get in Scotch whisky, a cause loudly championed by no less than the UK Foreign Secretary on a visit to Seoul in April, is based on the assumption that immediate annual business would be worth £4m (\$5.56m) to £5m.
- The use of major credit cards, which were first introduced 10 years ago with limited success, is now rapidly expanding. While high fees mean that they are available only to the relatively well-off, and despite that each person is limited to holding only a single international card, one company setting-up operations this year has attracted hundreds of applications per day over the past several months. (Personal chequing accounts were introduced for the first time two years ago, including the provision for overdrafts, though these still operate under strict limits).

Meanwhile, the economy is expected to continue to expand, with per capita Gross National Product (GNP) likely to top \$2,000 this year, one of Korea's most remarkable achievements. The figure stood at only \$82 ten years ago. Average household consumption has already increased nearly six-fold over the past ten years, reaching nearly 300,000 won (\$375) per person at the end of 1982.

With the economy again moving towards full employment in South Korean terms and with wage rises, though expected to be much more modest than during the 1970s' wage/price spiral, expected to far exceed current inflation rates, disposable income can only expand.

Most importantly, unlike most developing countries, South Korea's rapid growth has not seen income gains in the poorer households lagging far behind those in the upper-income brackets, which are generally the main gainers from major expansion.

**Favourable**

Indeed, new studies show that, following the country's economic setbacks during the 1970s, income distribution has again reached favourable levels, with the upper-paid 20 per cent of households taking 43 per cent compared to the lower-paid 40 per cent taking 18.3 per cent. This produces a distribution ratio of 2.29, which significantly betters most developing countries and even compares well with developed countries such as Spain and Italy. In the East Asian region the performance is roughly equivalent to Japan's, and is worse only to Taiwan's.

A leading Korean economist, known for his sober assessments, comments: "Compared with other countries, we have maintained relative equity by international standards. We have truly achieved redistribution with growth."

However, the Government's eye is less on the consumer's potential desire to spend than on his ability to save—or how the state can finance its \$40bn foreign debt. The authorities are increasingly relying on domestic savings, at least on a net basis, to sustain their growth targets.

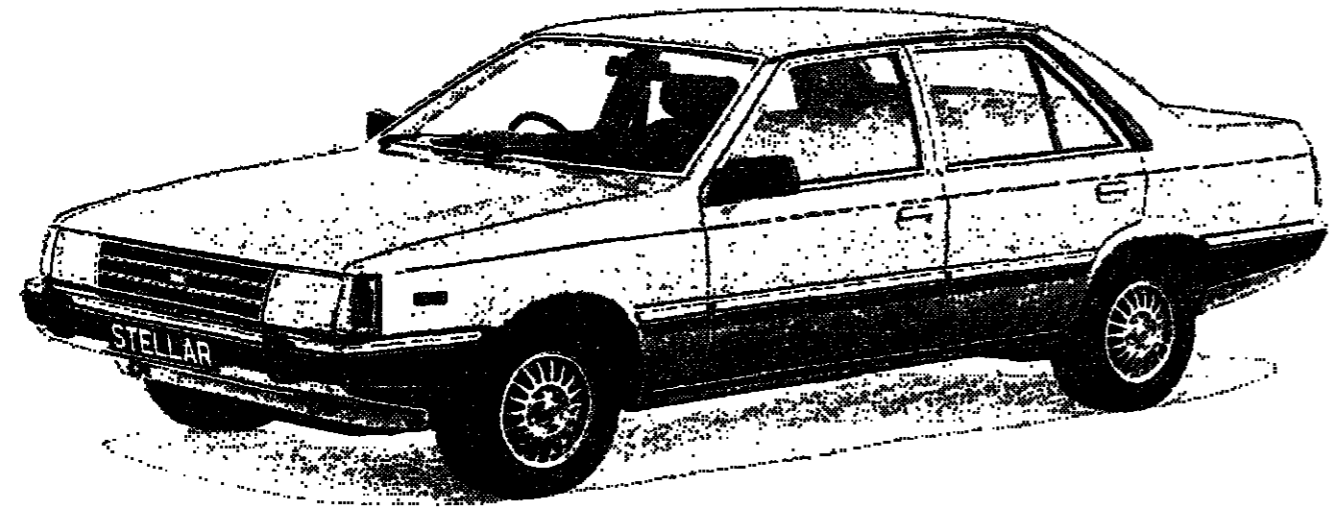
Household savings, as a percentage of nominal GNP, are currently running at about 24 per cent, considerably less than a few years ago, and the authorities are hoping to boost this to as much as 29 per cent over the next two to three years. While these saving levels are high by Western standards, they fall short of Korea's regional neighbours such as Taiwan and Singapore.

A government economic adviser says: "With the country again approaching full employment and the world economy starting to expand, we can't afford to relax domestic control. We need to release our efforts to effect an export boom."

South Korea is also not far removed in time from its 1970s, when unrelenting demand chasing a limited supply of quality consumer goods fuelled runaway inflation and caused a serious deterioration in the country's progress to more equitable income distribution, with property speculation, for instance, receding doubled and even trebled capital gains for the wealthy. Clearly, the authorities would not flinch from using their powerful tax powers to place "luxury" goods out of reach if they thought the situation was getting out of hand.



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# Slow progress in drive to cut subsidies

**Agriculture**  
LARRY KLINGER

THE AGRICULTURE sector comprises South Korea's single largest social-spending challenge: how to keep to the government's aim of achieving income parity with city dwellers for the nation's 8.5m farming population, without continuing to incur budget deficits of hundreds of millions of dollars a year in crop subsidies.

It is a highly complex problem involving the Government's desire for the following:

- Maintain the country's long-standing but just-achieved goal of self-sufficiency in rice.
- Control the migration from countryside to city so as to curb further strains on urban development, and to encourage youthful expertise down on the farm.
- Increase farm productivity and non-farm income so that the costly subsidy programme can be phased out.
- Leave undisturbed the country's overall drive to achieve a far greater equity in income distribution.
- All this, while retaining reasonably priced food supplies so that no greater inflationary pressure is put on manufacturing labour costs and endanger export competitiveness.

The country's predominant agricultural tradition—"farming as the basic foundation of the nation"—dates to the beginning of Korean national history 5,000 years ago and remained intact until the

Korean War this century, after which rapid industrialisation sharply altered the economic structure in favour of the towns and cities.

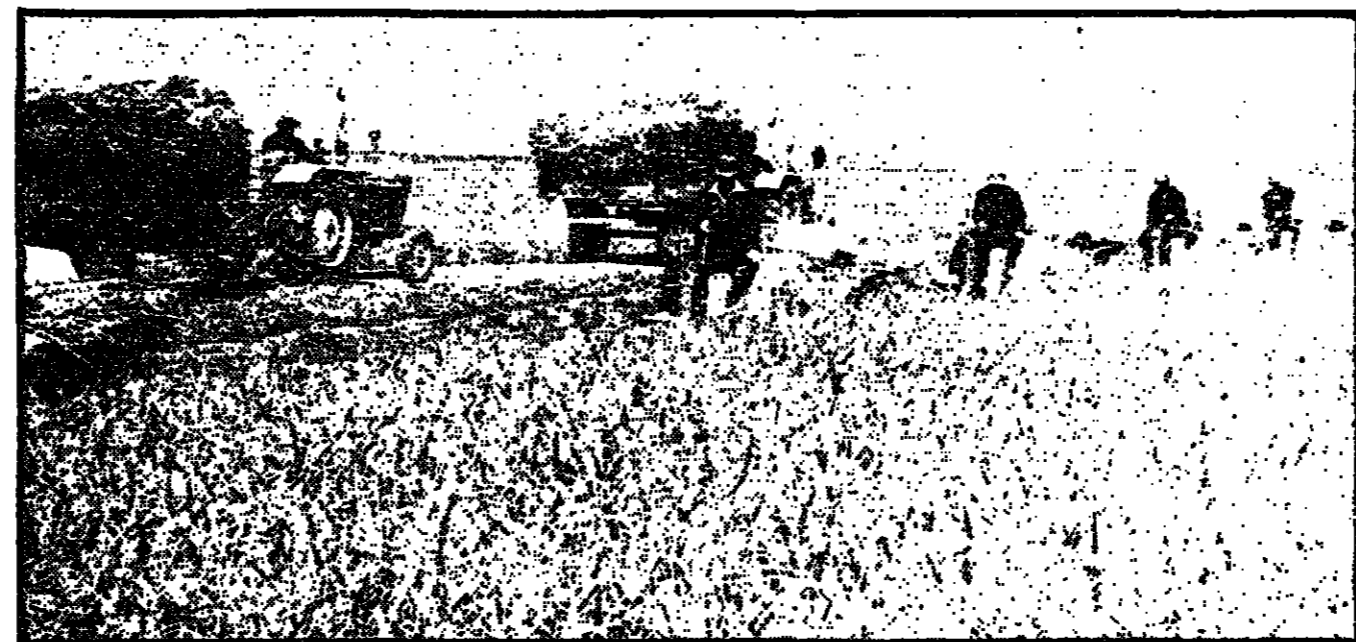
Farming is no longer the major source of wealth, it now accounts for only about 12.5 per cent of gross national product. Moreover, only 22 per cent of the countryside is arable, and this is being encroached upon constantly by the growth of cities and the expansion of industry.

In short, Korean agriculture is uneconomic, yet nearly a quarter of the country's population remains dependent on it for a livelihood, which can only be made sufficient either by government subsidy or unless supplementary industrial income can be provided.

The Government, however, feels that it is on the right path—with plans to raise gradually the consumer price of rice and phase out subsidies, to provide the countryside with small and medium-sized industry to increase productivity with new machinery and farming methods, to provide technical training and other incentives for the young who want to continue farming and to encourage diversification away from rice to suit the urban dwellers' changing tastes.

But the Government also admits that the journey to success will be slow and difficult. It is nevertheless aware that failure to control subsidised inefficiency might eventually force the country to switch to greater foreign exchange draining imports from the West.

Of most immediate concern is whether to increase the official guaranteed producer



Rice farming, the modern way

price for the two mainstays of rice and barley (both of which the Government will have to buy up and then sell at lower prices to consumers during the winter).

Last year the Government froze prices, with the effect that its budget deficit in this area was cut by half on the previous year. With elections for the National Assembly approaching fast, the Government may find it difficult to maintain this policy, but even the modest 3 per cent rise tentatively budgeted could mean a 65 per cent increase in 1984 deficit spending on grain.

### Balance

It is clear, however, that no real effort to phase out completely the subsidy programme will take place immediately, given its social significance. The most likely time for this to be attempted will be in 1987.

The most important of the Government's long-range plans to achieve a sustainable balance between supply and demand are its programmes to:

- Provide rural areas with new industry.
- Encourage diversification into other products than rice and barley.
- Provide training for the young.

On the first, the Government has already set up a scheme to contribute 500m won to each of the country's provinces for new small and medium-sized industry.

For the second, the equivalent of 81bn won was set aside in 1983 for feed-grain import-substitution programmes to livestock industry. Loans averaging 30m won were made available to 225 areas, with expectations that a further 300 areas will be covered this year.

The great migration to the cities after the Korean War (Seoul, originally designed to accommodate 1m people, now contains around a quarter of the country's 40m population) has seen changing diet patterns demanding more meat and fresh vegetables.

The recent but now widespread use of vinyl stretched over frames in the fields has greatly increased output of winter vegetables and, in some areas, extended significantly the rice season.

	1981	1982	1983	*1984
Guaranteed price rises (%):				
Rice	14.0	7.2	0	3.0
Barley	12.5	13.7	0	3.0
Grain management fund deficit (Won bn)	-308.4	-482.4	-241.6	-398.3
Fertiliser management fund deficit	-162.3	-117.0	-97.7	-39.0

\* Tentatively budgeted with forecast deficit if rice goes ahead.  
† Average exchange rate for 1983: \$1.00=776 won.  
Source: Ministry of Agriculture.

The main problem, however, is the livestock sector, where a stable supply base is the objective. Not only have live animals to be imported at high cost, but, without successful feed-grain import-substitution, say in sesame and peanuts, more buying abroad could upset quickly the country's cheap food self-sufficiency programme.

### 12-hour day

U.S. officials concerned with agricultural exports describe South Korea, along with Japan, as "where it's at for the future." U.S. exports to Korea last year of soybean and soybean meal increased in value over 1982 by about 42 and 33 per cent respectively.

South Korea recently established a Livestock Development Fund of 200bn won, but this is not big enough to boost production significantly, only to provide quick support in emergency cases, and, given budgetary restraints, it is unlikely to be expanded into a fullscale support programme.

The vocational training programme is based on the obvious

premise that whatever the basic size and structure of the future farming sector, there must be a new generation of enthusiastic young people knowledgeable both in technology and management.

Under the training programme set up in 1981, 7m won per training place was provided. This year about 5,000 places should be filled, with a further 7,000 expected in 1985.

A leading economist summarised the overall situation thus: "Agriculture is struggling and a big social problem, with low productivity and an even lower relative rate of productivity improvement. Dairy produce, for instance, is at between two and eight times international prices."

"But it is necessary to support incomes. In Korea, rural income is 70 per cent derived from actual farming. In Japan and Taiwan, for instance, the reverse is true. There, 70 per cent of rural income comes from non-farm sources such as nearby manufacturing or local small businesses. In the long term, we must reduce the farming sector. But there is a long way to go."

PROFILE: KIM HWAN CHUL

# Farmer with ambitions

WHEN Mr Kim Hwan Chul, standing on the levee between his flooded rice paddies and his directly adjacent fruit and vegetable patches, gestures to the distance to delineate the extent of his farm, it is not "distance" in any Western sense.

Mr Kim has only 2.5 hectares, about average, he says, for his village of Dongnam 11 Ri, which is 37 km north of Seoul and only about 20 km south of the Demilitarised Zone (DMZ) separating the two Koreas.

Yet even this is large by South Korean standards, double the national average and approaching the maximum cropland allowed to be held by a single owner: three hectares (about 7.5 acres).

If Mr Kim is very unlucky he could find himself directly in the path of an invading army, but for the moment he is lucky indeed: not only was his fertile land obtained cheaper because of its proximity to the DMZ but, because he is prepared to live with his family in the area, the Government has a special interest in his welfare.

Bogwan-ri Ri, of whose 430 people about half are dependent on farming, is obviously a model village of the nationally backed Saemaul Undong (New Community Movement) but it appeared no more generally prosperous than the many other villages that line the route up from Seoul, some of which took no less well off than many in southern Germany or northern France.

On a particular day, Mr Kim, who is 34, looked very prosperous indeed, relaxed and talkative, despite his being interrupted from work. He stood next to his new waist-high tractor/mechanised plough and wagon, which contained his two daughters, three- and five-year old, dressed in pretty red-and-white polka-dot skirts. His one-year-old baby boy was at home with his mother.

Mr Kim said he expects a good rice harvest of around eight tonnes. Irrigation was excellent and the planting had gone well; it did not matter much whether there was rain or shine between now and the end-summer harvest. His strawberries had come in fine, and preparations for his vinyl "hothouse" production of winter vegetables was expected to proceed on schedule.

What were his aspirations for himself and his family? His father had been a farmer, now Mr Kim himself was a farmer, but he would like his son to obtain a university degree in horticultural science. His daughters were too young for their futures to be considered now.

Any other hopes? He paused, nervously brushing off the dust from his dark-blue, pin-striped trousers rolled up high above plastic sandals then tugged at his baseball cap. His embarrassment seemed to stem from an effort to tell the truth without at the same time appearing to be greedy.

His greatest ambition was to buy a small lorry in about three years' time. Last year he had managed to get the tractor. That had cost 1.5m won (\$1,874), for which the Government financed half. The lorry would cost around 8m won and for which he had already saved 3m won.

Mr Kim puts in a 12-hour day, seven days a week, during the main growing season. With the approach of winter he spends seven to eight hours a day tending to his vegetables on a vinyl covered plot of less than a third of a hectare. In winter he devotes about five to six hours a day to his farm but—and this is crucial to Mr Kim's and to an increasingly large number of other Korean farmers' standard of living—he will also be able to work for two or three months in the village's small car-heater factory. This will earn about 1m won.

Mr Kim annually grosses about 8.5m won from his farm (of which 7m comes from his heavily subsidised rice crop), which after tax and the cost of labour and other overheads, leaves him with about 4m won.

He said he was not worried that the Government last year froze guaranteed prices for his rice and was unlikely to improve no more than a marginal increase this year. The Government had contained inflation last year, Mr Kim said, and were pledged to keep all prices stable again this year, so his real income would not suffer. He did not, however, venture to forecast his feelings should this anti-inflation drive fail.

LARRY KLINGER

# Warm response to Pope's visit

**Religion**  
ANN CHARTERS

THE POPE in his visit to Korea displayed both a statesmanlike grasp of sensitive issues outstanding between church and government and a compassionate understanding of human beings. Although his message was often spiritual, it evoked a warm response from many non-Christians.

His five-day visit covered the length and breadth of the country. He met the descendants of newly-converted Korean saints, widows of government officials killed in the Rangoon terrorist incident, lepers, seminarians, farmers, students, fishermen, prominent dissidents, workers, intellectuals, Catholics, non-Catholics and non-Christians.

He delivered a series of carefully prepared messages which touched on human dignity and rights, church responsibility and the need for reconciliation.

On arrival in Korea while exchanging greetings with South Korean President Chun Doo-hwan at the airport, the Pope said that he hoped the untold sacrifices that Koreans had made to build a modern industrialised nation would be about "a more human society of true justice and peace, where all life is upheld as sacrosanct, where to live is to work for the good of others, where to govern is to serve, where no one is used as a tool, no one left out and no one down-trodden, where all can live in real brotherhood."

The Pope showed his grasp of other stresses and strains in today's Korea and gave a boost to the South Korean Government in the joint communique issued after a meeting with President Chun. He lent the weight of his position to the hope for easing tension on the Korean peninsula through an early resumption of talks between North and South Korea and he emphasised the urgent need for reuniting relatives separated since the Korean war.

referred to pain from personal experiences and recent tragedies, and called for reconciliation and forgiveness.

In an address to workers, fishermen and farmers in Pusan, South Korea's second largest city, recognised the importance of labour to the country's achievements and expressed his understanding of the necessity for a just wage as a share of improving production and profits.

The papal visit was made to commemorate the 200th anniversary of Catholicism in Korea, but it lent political prestige to the country as well.

The Pope conducted the first canonisation outside the Vatican in Seoul when 103 martyrs, including 19 French missionary priests, were proclaimed saints for their work and sacrifices in the 19th century.

Korea, now the fourth ranking country in the number of saints after Italy, France and Spain, is one of the fastest growing strongholds of Catholicism in Asia. The 1,700,000 Catholics make up about 4 per cent of the South Korean population. Their numbers have tripled in the last 20 years.

Christian religions, in general, are enjoying tremendous growth. Both Protestant and Catholic churches have a history of socially concerned activities, with early missionaries founding schools, universities and hospitals.

Some observers attribute the appeal of the Christian religions to the ethnic of concern for one's neighbour. With more of the country's population concentrated in urban areas, churches tend to serve as a focal point for activity in city neighbourhoods.

Religious zeal can sometimes border on the excessive. A few more Evangelistic Protestant sects vie for status as having the largest church, the biggest congregation or the most donations. One Protestant sect in Seoul boasts of attracting 12,000 to a single service while another sect holds five services every Sunday, preaching to 3,000 faithful at each service.

According to the Government, Protestants number 5.3m, or 13 per cent of the population, and are increasing faster than other religions.

### Meditation

Despite the growing number of Christians, the moral and ethical fabric of Korean society remains strongly Confucian in outlook and influenced by Buddhism. Confucian precepts of loyalty to family, ancestors and respect for those considered in higher authority permeate much of everyday behaviour.

The Buddhists, by far the largest religious group at 7.5m, or 19 per cent of the population, have always tended to favour withdrawal from worldly affairs and meditation in mountain temples.

Most temples belonging to Korea's largest sect, the Chogyong, have been designated cultural properties by the Government. Both followers and tourists flock to them on holidays and weekends, providing Buddhist leaders with an important source of revenue.

The sect itself has split as a result of power struggles between various factions of monks in recent years, but there are some indications that feuds are dying down and religious objectives are once again becoming a paramount concern.

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SOUTH KOREA 10

Do's and don'ts for business visitors

# It's polite to support the elbow

**KOREANS TAKE** their entertainment like their business, very seriously. An important groundrule to remember, however, is that although business consummated, undertaken or still only a mere glimmer of a possibility is the reason for the occasion, once a Korean-style dinner gets underway, it is not a proper topic for conversation.

The goal for the evening is camaraderie and fun—the more ribald and raucous the better. In case there's a stiff, formal air at the outset, not to worry. There should be a bottle of Scotch for every one, two or three guests, or perhaps it is the perfect opportunity to savour local brews. Soju, which literally means "burned liquor," is distilled and potent. Makkolli, a rice wine, is the traditional farmers' drink. Both are reputedly a much greater challenge to sobriety, since they are unfamiliar to the western palate and experience.

The evening should now proceed with a few proper toasts to the gathering—please note the host is to take the initiative here. If not before, the assembled group now moves to the low table, already laden with at least six assorted kimchis, pickled vegetables with or without red pepper, and barley wine. Host and honoured guest face off across the table from each other, legs decorously folded or crossed under the table. At this juncture, it is

important just to accept the fact that the non-initiated will need help to their feet after two hours of assuming this posture and everyone relaxes.

A bevy of Korean girls clad in lovely silk traditional dresses start serving the feast. The first dish to appear is always a thick white soup made from pine nuts. One should not be misled by its bland character. It is undoubtedly the most important dish of the evening for its somewhat pasty, gluey consistency is intended to prepare the stomach for what is to follow.

Now comes the fun. The host fills his guests shot glasses with liquor and a guest returns the compliment by filling the host's glass. Rule number one: It is not good manners to fill one's own glass. Rule number two: the host's glass must never be empty. Rule number three: the guests' glasses must never be empty. Rule number four: there is to be toast after toast after toast with the contents of the shot glass downed quickly each time.

As the meal progresses, the table is covered with tempting morsels each in its own small dish. The delicacies presented vary with the season of the year. Mountain grasses with sesame seed in the spring, cold buckwheat noodles in a vinegar broth in the summer, pine wood mushrooms in the fall and raw oysters with red pepper paste in the winter.

The bewildering array is all the more challenging since it is to be consumed

using fine, thin metal chopsticks. Not to worry if mechanical dexterity is not a strong point. The Korean girls, called Kisaengs, are there to see that no guest starves as just one of their many duties. Even those totally nimble with chopsticks at times prefer to be fed.

During the course of the meal as soups appear and disappear and hot slices of marinated beef are replaced with fresh sashimi, it will become apparent who has been eating more and drinking less. The lineup of shot glasses in front of someone's place is a dead giveaway that the party has hit a snag. For the merriment to continue, the guest must drink each full shotglass, pass it empty with his right hand to whom-ever he wants to honour and ensure that person is drinking as much as himself and carefully pour liquor into the glass with his right hand supporting his right arm at the elbow with his left hand. The latter posture is a sign of respect, but it also increases the likelihood that more whisky gets into the glass.

When the rice appears, it is a signal that the meal is coming to an end and the revelry can begin in earnest. A hand complete with microphone steps into the room. This is where experience really tells. The veterans of previous parties can now be seen to remove a small typewritten card with the lyrics of their favourite song inscribed on it. Everyone, but everyone, sings a

so. One clever foreign businessman with no musical aptitude always sings "yesterday" and has never been asked for an encore.

As the party draws to a close, revellers are sometimes moved to have a permanent reminder of the occasion. Swapping watches or neckties is not unknown. Since by this juncture the evening is undoubtedly still young, there is usually a consensus to move on to a second place for a few more drinks and dancing or music. The brave and bold are said to continue on to even a third place. What about the day after? Business as usual.

Spots for revelry: of the numerous establishments, Jai Woon Jung restaurant and Sam Chong Gak are well known. Second and third places: company drivers remember where they took the party.

Major Internal Hotels: Hilton, Hyatt, Chosun, Lotte, Shilla, Sheraton-Walker Hill, and Seoul Plaza.

Korean Restaurants: Dae Won Gak, the Korea House, Hee Won (behind the Samsung main building) and Kyunggyang (on Chongno Wedding Hall Lane).

International cuisine: The Seasons (Hilton), the Ninth Gate (Chosun), Hugo's (Hyatt) and the Celadon Room (Sheraton-Walker Hill).

Japanese restaurants: Genji (Hilton), Ben Kay (Lotte) and the Missouri.

Ann Charters



Pope John Paul II responding to cheering crowds when he arrived at Suwon Airport, Pusan, the second largest city in South Korea



President Reagan and Mrs. Reagan are greeted with Sowers as President Chun Doo Hwan looks on during their visit to South Korea

## Liberalisation nearer

CONTINUED FROM PAGE 1

In a limited sense, the Korean parliament does serve as a forum for both sides. An election is expected sometime between this autumn and next spring and it is widely assumed that the governing Democratic Justice Party will be careful about needlessly offending vested interests therein represented.

### Forum

Mr Kim Mahn-Je, the finance minister, does wryly note that the financial reforms he has been pushing (especially in banking) have not made him the most popular man in the eyes of the politicians. Nor has the government's decision to curtail the growth in agricultural subsidies sat well with the farmers, who happen to form the core of the DJP's support.

However, real political authority still resides very much in the hands of President Chun, who can be expected to stay in power until the presidential elections scheduled for 1988. Those with access to him insist that he has far outgrown the confines of his military career; he is said to be increasingly confident of his mastery of economic policy issues, in which his principal tutor had been the legendary Kim Jae-Ik, the presidential adviser who was a victim of the Rangoon bombing.

Koreans still see him as a rather distant figure, in spite of attempts to popularise his image, but his advisers maintain he consults widely and has no compunction about delegating decision-making to government departments. He is also travelling about the world more, though Ran-

goon cut short last year's Asian foray. It is virtually certain he will visit Japan in September, which will be important for the evolution of an important, but often touchy, bilateral relationship.

### Heir apparent

There is inevitable speculation in Seoul as to who will be groomed for the succession, as President Chun has said he will step down in 1988. The official view is that nobody will be selected as an heir apparent but that candidates will emerge naturally from the body politic. But that, in turn, very much depends on the pace of Korean evolution in the immediate years ahead. It is fair to say that the country seems to be moving from the stage of promising a more open economic and social environment to

actually doing something about it.

Even foreign bankers in Seoul, long inured to frustration, were pleasantly surprised by the extent to which this spring's banking reforms appeared to remove a number of shackles. Critics of Korea's human rights policies, while still retaining a sceptical reserve, do concede that the Government's hand is a lot less heavy than it used to be, as the university initiative demonstrates.

Officials maintain that the process in train is now irreversible, though one caveat is sometimes introduced. As one veteran minister (and reformer) put it: "look, winning the battle on the economic side is good because of its spillover effect. But if things don't go well economically, it's tough to worry about anything else."

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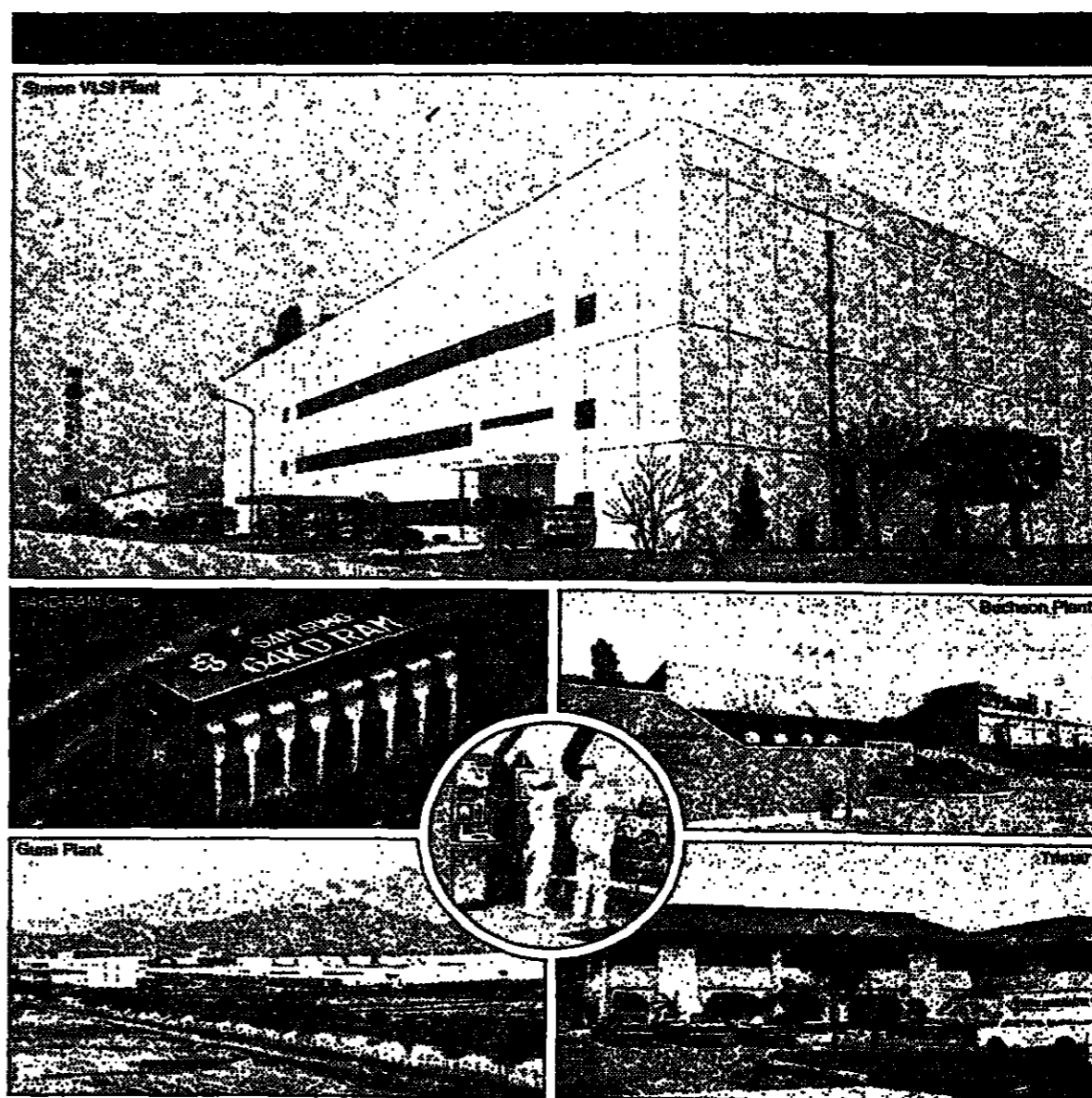
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